

# REFLECTIONS



## 2015 Annual Report DIFP

Department of Insurance,  
Financial Institutions &  
Professional Registration

Jeremiah W. (Jay) Nixon  
Governor

John M. Huff  
Director



# Leadership

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As society evolves, regulation must adapt with it to continue to protect individuals and maintain a fair and competitive marketplace. Regulators must continuously learn new standards to ensure they are upholding the department's core values of protecting consumers, monitoring financial industries and business professionals and encouraging a competitive and fair environment for industries. To uphold these values, department leaders must not only pursue policy initiatives within our state, but must also seek corresponding initiatives and policies on the national and international level.



## Director John M. Huff

A single crisis may not only shape, it will define, the tenure of a leader.

Director John M. Huff has been challenged by multiple climatic events during his tenure as Missouri's top financial regulator. He took over as director during this country's most serious financial crisis since the Great Depression.

Following the deadly Joplin tornado, Director Huff led the regulatory response as part of the state's comprehensive effort to help the community recover. During a time of national and international regulatory uncertainty, he rose to lead the National Association of Insurance Commissioners (NAIC), the organization that represents the U.S. system of state-based insurance regulation. Whether it's managing the regulatory response to a crisis the state is facing from a natural disaster, steering his senior leadership team within the department, or testifying on Capitol Hill regarding the strength of state-based insurance regulation, Huff keeps the same cool deliberate demeanor that can be traced back to his Potosi, Missouri roots.

In 2009, Huff was appointed director of the department by Gov. Jay Nixon. Early during his tenure as director, Huff's leadership was tested when a massive ice storm impacted parts of Southeast, Missouri, causing widespread damage and massive power outages. In response, department team members were dispatched to impacted areas to meet face-

to-face with Missourians. The "boots on the ground" approach allowed team members to discuss impending claims with the impacted policyholders in person. It's an approach the department has implemented as part of its ongoing consumer outreach strategy.

"We not only help Missourians understand their policies or the claims process, we also provide a sense of security that they are not in this alone," Huff said.

On May 22, 2011, Joplin was devastated by a deadly tornado that claimed the lives of 161 people. As the community began recovery efforts, it became apparent that the state was faced with the largest insurance event in its history. As part of the state's comprehensive response, Huff accompanied Gov. Nixon while surveying the damage. Huff also met one-on-one with major insurers at their designated response centers to monitor the situation on the ground. In addition to making sure consumers' claims were paid, the department was tasked with making sure insurance companies stayed solvent so they could pay the claims.

The department's Division of Consumer Affairs maintained a strong local presence in the Joplin community following the tornado, helping tornado victims locate and understand their

***"The department has always been highly respected amongst its U.S. peers, but Director Huff has dramatically heightened that respect and further expanded it into the international community. Evidence of this is ubiquitous, but one need only look at Director Huff's election as president of the NAIC to understand what that means."***

- Matthew Fillo, Vice President & Assistant General Counsel, Reinsurance Group of America -





*“Empowering the people around me to participate and lead has been the unequivocal driver of the success for the department during my tenure.”*




insurance policies and to help work through the insurance claims and recovery process. In 2011, the division fielded 9,500 written inquiries and complaints and 15,000 phone calls. Insurance companies serving the Joplin area paid more than \$1 billion in claims within the first 100 days following the tornado.

The country was facing the fallout from the greatest financial crisis in its history since the Great Depression in 2009. Guiding the state’s financial industries to ensure stability and solvency was critical to emerging from the financial crisis. The department monitored financial institutions closely to avoid interruption to service for depositors. Between 2008 and 2012, the department saw 16 banks fail in Missouri — two national banks, one federal thrift and 13 state-chartered banks. Despite these failures the department’s team made sure Missourians did not face interruptions in their banking transactions, nor did depositors lose their deposits. Since 2012, no banks have failed in Missouri.

Since 2009, the number of Missouri domestic insurance companies has grown by 22 due to the formation of new insurers and redomestication of existing insurers from other states. One such company, Swiss Re Life & Health America became Missouri’s second

largest insurance company with \$4.8 billion in gross premiums. St. Louis-based Reinsurance Group of America (RGA) Reinsurance Company leads the domiciled insurers with \$8.7 billion in gross premium. RGA reported nearly \$10.5 billion in revenue in 2015 and it provides reinsurance globally through offices in 27 countries. During Huff’s tenure, RGA expanded its footprint in Missouri with a \$150 million investment in a 405,000 square-foot headquarters in St. Louis County. RGA employs 950 full-time employees at its headquarters and an additional 2,250 full time employees worldwide.

Kansas City-based Lockton is the world’s largest privately owned insurance brokerage firm. Since 2009, the insurance brokerage has increased its workforce in Missouri by more than 50 percent, currently with 1,390 employees at its Kansas City and St. Louis offices. Its revenues based in Missouri have grown more than 60 percent since 2009, with \$1.24 billion reported globally in 2015. Since 2010, six Lockton clients moved their captives to Missouri.

Under Huff’s watch, Missouri further raised its profile in the insurance industry by positioning itself as a leading reinsurance state, with 40 percent of all new life reinsurance business protected by Missouri reinsurers. Missouri

serves as the lead international regulator for RGA and is the lead U.S. regulator for Swiss Re.

With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, came the creation of the Financial Stability Oversight Council. In September 2010, Huff was appointed to the council by the NAIC. He served two terms on the council and was the initial state insurance regulator appointed.

During his terms on the council, Huff strived to maintain balance between consumer protections and allowing insurance companies to compete on a level playing field.

“You can make the entire system entirely safe at a great cost or you can make it the Wild West and have little regulatory cost. The key is finding balance,” Huff said.

The culmination of Huff’s distinguished tenure with the department has yet to play out as he was elected by his fellow state insurance directors and commissioners to serve as

president of the NAIC in 2016. The NAIC is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight.

As society evolves and modernizes so must regulation. As his role continues to evolve on the national and international stage, Huff recognizes the challenges poised to regulators, the industry

and consumers. As department director and NAIC president, Huff’s vision includes finding the sweet spot between regulatory oversight and company innovation, recommitting to basic insurance issues and advancing modernization initiatives to keep up with industry and consumer demand. While the challenges in his future are still evolving and may be more complex, Huff will make use of the same practical mindset and sincere humble nature instilled in his Midwestern roots.

*“Director Huff has been a vocal advocate for expanding the captive market, helping our clients.”*

- Mark Morris, Senior Vice President in Risk Finance for Lockton -







# DEPARTMENT LEADERSHIP TEAM



**James R. McAdams**  
Deputy Director  
& General  
Counsel



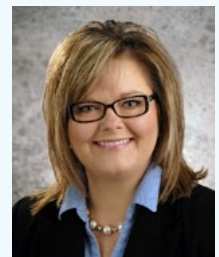
**Chris Cline**  
Communications  
Director



**Rich Lamb**  
Legislative  
Director



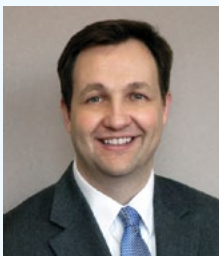
**Carrie Couch**  
Insurance  
Consumer  
Affairs Director



**Angela Nelson**  
Insurance  
Market  
Regulation  
Director



**John Rehagen**  
Insurance  
Company  
Regulation  
Director



**Grady Martin**  
Administration  
Director



**Debbie Hardman**  
Acting Finance  
Commissioner



**Ken Bonnot**  
Credit Unions  
Director



**Katie Steele Danner**  
Professional  
Registration  
Director

# NATIONAL LEADERSHIP ROLES

DIFP continues to make a national mark as a leader in state-based regulation. Department leaders hold positions in national associations, giving prominent voice to Missouri's common-sense approach to regulation and consumer protection.

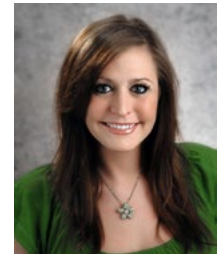
## Insurance



**Angela Nelson**, director of the Division of Market Regulation and Chief Industry Liaison, is chair of the Consumer Readability and Transparency Working Group (NAIC C Committee) and the Consumer Information Subgroup (NAIC B Committee). She also chairs the Consumer Outreach and Outreach Post-Disaster (C) Subgroup. Nelson also serves on the NAIC's Operational Efficiencies (EX) Working Group, Catastrophe Insurance (C) Working Group, Crop Insurance (C) Working Group, Earthquake (C) Study Group, Risk Retention (C) Working Group, Title Consumer (C) Working Group, and the NAIC/IAIABC Joint (C) Working Group. She is also a member of the SERFF Board of Directors.



**Mary Mealer**, life and health manager for the Division of Market Regulation, chairs the NAIC's Medigap (B) Subgroup under the Senior Issues Task Force and chairs the Product Steering Committee for the IIPRC.



**Rebecca Helton**, property and casualty manager for the Division of Market Regulation, serves on the NAIC's Product Steering Committee for SERFF.



**Jim Mealer**, chief market conduct examiner for the Division of Market Regulation, is vice chair of the NAIC Examination Standards working group. He also serves on the NAIC's Advisory Organization Exam Oversight Working Group and Market Analysis Procedures (D) Working Group. Additionally he serves on the IRES Board of Directors.



**Dr. Brent Kabler**, chief statistician for the Division of Market Regulation, chairs the NAIC Market Information Systems Research and Development (D) Subgroup, and serves on the NAIC's Profitability (C) Working Group and Statistics (C) Subgroup.



**Martha Long**, market conduct examiner-in-charge for the Division of Market Regulation, serves on the Executive Committee for the IRES Board of Directors. She was elected secretary and is chair of the Membership and Benefits Committee.



**Molly White**, market reforms initiatives manager for the Division of Market Regulation, serves on the NAIC's ERISA (B) Working Group.





**John Rehagen**, director of the Company Regulation Division, is chair of the Reinsurance Financial Analysis (E) Working Group and also serves on the NAIC's Variable Annuities Issues (E) Working Group, ComFrame Development and Analysis (G) Working Group, Qualified Jurisdiction (E) Working Group, PBR Review (EX) Working Group and Reinsurance Regulation (E) Drafting Subgroup.



**Leslie Nehring**, chief financial examiner for the Company Regulation Division, is the Co-Chair of the NAIC's Risk Focused Surveillance (E) Working Group and leads the Accreditation Drafting (F) Subgroup she also serves on the NAIC's Financial Examiners Coordination (E) Working Group, Group Solvency Issues (E) Working Group, Group Capital Calculation (E) Working Group, Risk Limiting Contracts (E) Working Group, ORSA Implementation (E) Subgroup and PBR Review Procedures (E) Subgroup.

**Debbie Doggett**, chief financial analyst for the Company Regulation Division, serves on NAIC's Financial Analysis Handbook (E) Working Group, Financial Analysis Research and Development (E) Working Group, National Treatment and Coordination Working Group, PBR Blanks Reporting (EX) Subgroup and Company Licensing Transactions (E) Subgroup.



**Mike Shadowens**, assistant chief financial examiner for the Company Regulation Division, serves on the Board of Governors for the Society of Financial Examiners. He is Missouri's designated state chair for the society and serves on the NAIC's Financial Examiners Coordination (E) Working Group.



**Levi Nwasoria**, assistant chief financial examiner for the Company Regulation Division, serves on the NAIC/AICPA (E) Working Group, Financial Examiners Handbook (E) Technical Group and IT Examination (E) Working Group.



**William Leung**, supervising life and health actuary for the Company Regulation Division, serves on the NAIC's PBR Review (EX) Working Group, Life Risk Based Capital (E) Working Group, Separate Account Risk (E) Working Group, PBR Review Procedures (EX) Subgroup, PBR Blanks Reporting (EX) Subgroup, Aggregate Margin (A) Subgroup, Stress Testing (E) Subgroup, C-3 Phase II/AG 43 (E/A) Subgroup, Long-term Care Pricing (B) Subgroup and VM-22 (A) Subgroup.



**Julie Lederer**, property and casualty actuary for the Company Regulation Division, serves on the NAIC's Actuarial Opinion (C) Subgroup and ORSA Implementation (E) Subgroup. She also serves on the Casualty Actuarial Societies Actuarial Review Committee, Committee on Reserves and Membership Advisory Panel.



**Carrie Couch**, director of the Division of Consumer Affairs, serves on the NAIC's Creditor NAIC's Creditor-Placed Insurance Model Act Review (C) Working Group and the Anti-Fraud (D) Task Force. Couch also serves on the Producer Licensing (EX) Working Group.



**Jeana Thomas**, manager of the property and casualty section for the Division of Consumer Affairs, serves on the NAIC's SBS Product Steering Committee.



**Tamara Kopp**, senior counsel for receivership, serves on the IAIR Board of Directors and co-chairs the IAIR Insolvency Workshop. She also covers the NAIC's Receivership and Insolvency (E) Task Force and the Title Insurance (C) Task Force.

#### Credit Unions



**Ken Bonnot**, director of the Division of Credit Unions, serves on the Legislative and Regulatory Affairs Committee and Audit Committee for the National Association of Credit Union Supervisors.

#### Professional Registration



**Lori Scheidt**, executive director of the Board of Nursing, serves as vice chair of the Nurse Licensure Compact

Administrators Executive Committee. She also chaired the National Council of State Boards of Nursing's Fraud Detection Committee and served on the Legislative Strategy Team and Model Rules Workshop for the Enhanced Nurse Licensure Compact.



**Tim Lueckenhoff**, executive director of the Office of Athletics, completed his 14th year as president of the Association of Boxing Commissioners in 2015.



**Pamela Groose**, executive director of the Board of Private Investigator Examiners and the State Committee of Psychologists, serves on the Board of Directors of the International Association of Security and Investigative Regulators and is a member of the Associate of State and Provincial Psychology Boards Workforce Data Task Force.

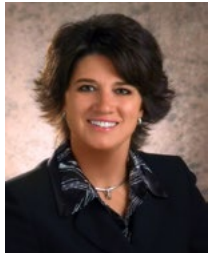


**Bibi Schultz**, director of education for the Board of Nursing, was appointed to the Missouri Multi-State Collaborative on Military Credit Steering Committee.



**Judy Kempker**, executive director of the Board for Architects, Professional Engineers, Professional Land Surveyors and Professional Landscape Architects, is an associate member of the National Council of Architectural Registration Boards, National Council of Examiners for Engineering and Surveying and council of Landscape Architectural Registration Boards.





**Sandy Sebastian**, executive director for the Board of Podiatric Medicine and the Board of Embalmers and Funeral Directors, was appointed in September 2015 to fill an unexpired term and then was reelected for a three-year term to the board of directors for the International Conference of Funeral Service Examining boards.



**Jerald Barnes**, chief investigator for the Missouri Board of Registration for the Healing Arts, is a Certified Medical Board Investigator committee member of Administrators in Medicine.



**Connie Clarkston**, executive director of the Missouri Board of Registration for the Healing Arts serves as a Nominating Committee and Certified Medical Board Investigator Committee Member for Administrators in Medicine. She is also a member of the Federation of State Board of Physical Therapy, where she serves as the chair for the Council of Board Administrators, the chair of the Nominating Committee, a member of the Education Committee and is a member of the Compact Rules Identification and Process Task Force.



Jim Mealer, Angela Nelson, Amy Hoyt and Katie Steele Danner (left to right) participate in a leadership roundtable discussion.

# National Leadership



## Department continues strong tradition of having leadership presence in NAIC

Since the inception of the National Association of Insurance Commissioners (NAIC) in 1871, Missouri has historically had a leadership presence within the organization that sets insurance regulatory standards in the United States. Deputy Superintendent King served as a delegate at the first NAIC meeting in June of 1871. Missouri has also had five of its directors become NAIC president beginning with C.P. Ellerbe in 1891. The last Missourian to serve as president was former Missouri Department of Insurance Director C. Lawrence Leggett in 1955. Today, Director John M. Huff carries on the tradition by serving as president of the organization.

Department team members also have a strong leadership presence through their own expanded roles within NAIC committees.

Division of Market Regulation Director and Chief Industry Liaison Angela Nelson chaired the Transparency and Readability (C) Working Group at the NAIC National Summer Meeting. The

working group is tasked with evaluating actions that will improve the capacity of consumers to comparison shop on the basis of differences in coverage provided by different insurance carriers offering personal lines products. Additionally, Nelson discussed readability, clarity and availability of insurance information for consumers during the Property and Casualty Insurance (C) Committee at the NAIC Fall National Meeting. She and other regulators discussed the sharing economy and insurance challenges regulators and companies face with new technology. Nelson also participated in the Earthquake (C) Study Group where experts recognized the potential for an earthquake in the New Madrid area. She spoke at a forum about the earthquake insurance coverage crisis in Southeast Missouri during the summer national meeting.

Life and Health Manager, Mary Mealer was appointed chair of the new Medigap Subgroup during the Senior Issues (B) Task Force meeting during the summer national meeting. The



subgroup is tasked with implementing HR2 that was passed in April. Mealer also represented the Midwest Zone as a board member and presented NAIC designation states and updates to the state commissioners and directors at the Midwest Zone meeting.

Receivership Counsel Tamara Kopp participated in discussions during the Receivership and Insolvency (E) Task Force during the NAIC Fall National Meeting. She was also elected to the International Association of Insurance Receivers Board of Directors.

Division of Company Regulation Director John Rehagen and Chief Financial Examiner Leslie Nehring attended the forum on Group Supervision and Transatlantic cooperation EU/US Insurance Project. The NAIC, US Treasury (Federal Insurance Office, (FIO)) and European Insurance and Occupational Pensions Authority (EIOPA) sponsored the forum. Huff and former NAIC CEO Sen. Ben Nelson served as panelists for the forum. Rehagen participated in the Comframe Development Analysis Working Group and followed other international-related groups as well as the PBR implementation TF and Receivership and Insolvency working groups

and various working groups with captive-related topics.

Nehring participated in discussions during the Financial Analysis Working Group, supervisory college best practices and participated in the chief financial regulators forum. Senior financial regulators from around the country gather to discuss company-specific issues and share thoughts and best practices. She participated as a member in several E-Committee (financial) working groups.

Chief Financial Analyst Debbie Doggett focused on working groups with discussion to changes to statutory accounting, accreditation, financial analysis and investment valuation.

Assistant Chief Financial Examiner Mike Shadowens participated in examination oversight, accreditation standards and meetings to discuss proposed health insurer acquisitions as well as several E-Committee working groups.

Life Actuary William Leung participated in various life and health actuarial working groups as well as capital adequacy working groups and other working groups with implications for life and health insurers.



Director Huff (second from right) and several of the nation’s chief insurance regulators participated in a special keynote panel presentation during the E-Reg Conference. NAIC CEO Sen. Ben Nelson (third from right) facilitated the keynote, which featured Monica Lindeen (center), NAIC president; Sharon Clark (second from left), NAIC vice president; and Stephen Robertson (center back), Indiana insurance commissioner. The panelists shared their unique perspectives on issues impacting the insurance regulatory community.

## Director Huff keynote leads NAIC E-Reg Conference

Director Huff was a keynote speaker at the 16th annual E-Reg Conference in Kansas City. The three-day conference was sponsored by the National Association of Insurance Commissioners (NAIC) and the National Insurance Producer Registry (NIPR).

The conference attracted about 600 regulatory and industry professionals interested in the many facets of insurance regulation, including producer licensing, rate and form filing, market regulation, company licensing and technology.

Key NAIC initiatives were addressed, including cybersecurity and financial regulation issues, the latter of which Director Huff highlighted in his remarks: reinsurance, group supervision, captives and principle-based reserving.

The conference also covered hot topics and the latest technology trends and solutions. Division of Market Regulation team members presented at two sessions. Division Director Angela Nelson spoke at the Regulatory Hot Topics session and Life and Health Manager Mary Mealer spoke at the Life Hot Topics session.

Several team members from the insurance divisions and OA information technology attended the conference:

**Administration:** Susan Cardwell and Brenda Otto.

**Company Regulation:** Debbie Doggett and Ronald Musopole.

**Consumer Affairs:** Mary Johnson and Jennifer Zagorac.

**Market Regulation:** Mary Mealer, Angie Nelson, Rob Prenger and Melissa Stanley.

**ITSD:** Debby Hutton and Eric Pahl.







## Director Huff welcomes 500 participants to NAIC summit

Director Huff welcomed more than 500 insurance regulators and insurance industry professionals from around the country to Kansas City on May 27-29 for the 10th annual NAIC Financial Summit: 2015 Leadership Initiatives.

The summit provided expert, up-to-date

information on many of the current National Association of Insurance Commissioners' financial initiatives for members and the industry. Division of Company Regulation Director John Rehagen, Chief Financial Examiner Leslie Nehring and 33 division team members also attended the summit.

## Missouri signs international information exchange agreement

Missouri became one of 10 U.S. states that are signatories to the International Association of Insurance Supervisors (IAIS) Multilateral Memorandum of Understanding (MMoU). Director Huff signed the MMoU at the 2015 NAIC Spring National Meeting.

"The MMoU is a significant, collaborative regulatory tool that eliminates the need to establish individual, bilateral agreements in the regulation of insurance," Huff says. "Missouri insurers are expanding into established and emerging global markets and just as we have used information-sharing agreements with other states for decades, Missouri is now positioned to do so internationally."

The MMoU is a global framework for cooperation and information exchange among insurance supervisors. It sets minimum standards to which signatories must adhere, and all applicants are subject to review and approval by an independent team of IAIS members.



Through membership in the MMoU, supervisors can exchange relevant information and provide assistance to other signatories, thereby promoting the financial stability and sound supervision of cross-border insurance operations for the benefit and protection of consumers.

## International Leadership

### Addressing financial literacy on international stage at IAIS

Director Huff was a featured panelist on behalf of the NAIC at the 22nd Annual Conference of the International Association of Insurance Supervisors in Morocco in November. Director Huff helped lead a discussion about financial education and literacy. He was joined on panel by Flore Ann Messy from OECD, John Leung from Hong Kong, Peter Braumuller from Austria and Hassan Boubrik from Morocco.

Insurance supervisors from 140 jurisdictions around the world participated in the conference. The conference — The Supervisor's Role within Policyholder Protection, Financial Stability and Market Development — included sessions on financial literacy, cybersecurity and market development.



Director Huff and former NAIC CEO Sen. Ben Nelson (second right) visit with Chairman Xiang Junbo and members of the China Insurance Regulatory Commission (CIRC) at the IAIS.





# Insurance

Division of Consumer Affairs  
Division of Market Regulation  
Division of Company Regulation  
Division of Administration

The divisions protect Missourians through the licensure and regulation of insurance companies and licensed insurance professionals in the state. The department encourages a fair and competitive environment for the insurance industry by timely reviewing policies, rates, products and marketing strategies for compliance with state law and by giving consumers access to quality products. Additionally, the department ensures an accountability process so that consumers are protected from misconduct, fraud and misrepresentation.





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# DIVISION OF CONSUMER AFFAIRS

## Division Structure

### Consumer Services Section

This section mediates complaints filed by consumers against insurance companies. Actions by the section can result in insurers paying higher claim amounts to policyholders, reversing denials of coverage or other steps consistent with state law or specific insurance policies.

This section provides consumer education about insurance products through the department's website, by providing on-site assistance after major storms and by participating in outreach events throughout the state. It also provides assistance and other resources to individuals and employers to assist them with shopping for health insurance.

### Investigations Section

Investigations handles complaints against insurance agents and agencies, bail bond agents, motor vehicle extended service contract sellers, and public adjusters.

To discipline an agent, the department in most cases must file a complaint with the Administrative Hearing Commission (a neutral, independent administrative tribunal), which determines whether there is cause for discipline. When cause is found, the department can suspend or revoke licenses, put a licensee on probation, order fines or order continuing education.

The section also investigates unlicensed activity and reviews agent license applications. In 2012, DIFP was given authority to license and discipline motor vehicle extended service contract producers.



## DIFP Weekly

DIFP helps MO heart attack  
victim recover \$110K

The department strives to educate and help consumers in all insurance related matters. Additionally, the Division of Consumer Affairs helps Missourians who are having issues with their insurance companies. Learn how the department helped a Clinton County resident recover \$110,000 after he suffered a heart attack.

## Missouri Department of Insurance helped obtain millions of dollars for citizens and schools in 2015

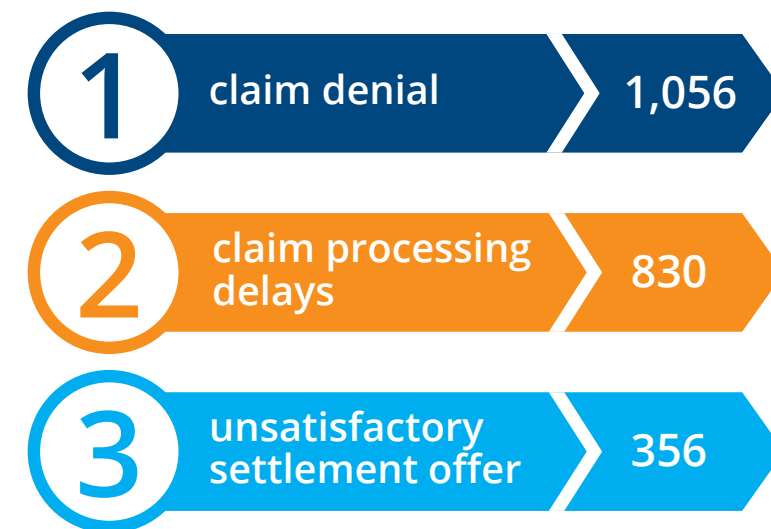
In 2015, the Missouri Department of Insurance handled approximately 36,000 consumer contacts and received 4,189 formal complaints. Health insurers were the biggest driver of complaints with 1,609. The second leading driver was auto insurance with 845 complaints. Insurance agent investigations drew 766 complaints and life insurance and annuities had 474 complaints.

The department returned more than  
**\$15.8 million**  
either through consumer complaints or regulatory settlements.



An additional  
**\$6.2 million**  
in fines went to the Missouri  
School Fund in 2015.

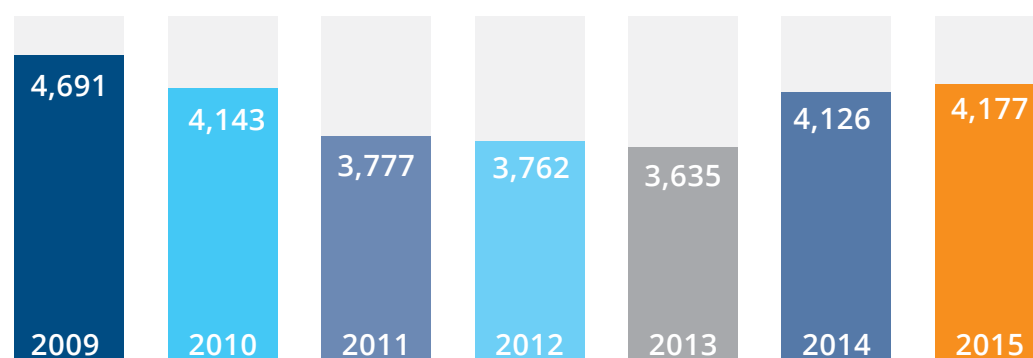
### REASONS FOR COMPLAINTS



the  
past **7** years

### Consumer Complaints

The Division of Consumer Affairs receives phone calls on a variety of issues from consumers that include denial of claims, delay of claim processing, coverage questions and unsatisfactory settlements/offers.





# Department of Insurance revokes licenses of title insurance agency and owner



The department revoked the licenses of Kirksville title insurance agent Nancy J. Porter and her company, Nancy J. Porter LLC, doing business as Adair County Title & Escrow. In a consent order signed June 17, 2015, Porter agreed the department had evidence to prove multiple violations of state law, including fraud and misrepresentation.

An investigation by the Division of Consumer Affairs found that her company had been issuing title insurance commitments and policies that appeared to be underwritten by Stewart Title Guaranty Co. However, Porter had no authority to bind Stewart Title.

Stewart Title terminated Porter's agency agreement effective Dec. 31, 2012, although Porter continued to issue title insurance commitments and policies for more than two years without underwriting from Stewart Title.

Porter's company also fraudulently collected and kept title insurance premiums from the policyholders for more than two years, and employed unlicensed insurance agents from March 2012 through February 2015.

## Enforcement actions: 230

110	Agents fined
\$45,175	Total amount of fines against agents
68	Applications refused
13	Licenses issued through consent order
17	Licenses revoked
22	Licenses surrendered
0	Licenses suspended

## Agent investigations

942	Investigations opened (Actions against agents: 230)
5,404	License applications reviewed (Had negative background reported, regulatory actions or were under investigation)

## Consumer response

\$10.8M	Consumer restitution recovered
24,797	Consumers assisted by phone
11,984	Formal complaints and inquiries opened



# DIFP Weekly

Flood tips 101: What your homeowners insurance does not cover



DIFP Weekly educates Missourians about complex insurance topics through short educational online videos. When storms flooded communities across Missouri, the department released a video clarifying the basics of what homeowners insurance coverage does not cover and also explained that flood damage is not part of a standard homeowners policy.

## TOP 5 Consumer complaints

1	Accident Health	1,597
2	Auto	885
3	Agents	770
4	Life & annuities	481
5	Homeowners	365

## TOP 4 Enforcement actions

1	Failure to make required disclosure on application/Misstatement on app.
2	Demonstrated lack of fitness or trustworthiness
3	Criminal record/history
4	Failure to respond



# Consumer team responds to flooding and storms at outreach events

The Division of Consumer Affairs sent representatives to multiple Multi-Agency Resource Center events throughout 2015 in areas that were impacted by storms and flooding. The department was one of several agencies that took part in these events. At each event, a consumer specialist was able to help consumers by reviewing their insurance policies with them and answering questions about the claims process.

## Consumer Affairs representatives trained in Mental Health First Aid

Devastating situations like the loss of one’s home can be difficult to discuss with distressed individuals who did not have adequate insurance coverage in place prior to the incident. Despite these challenges the representatives from the Division of Consumer Affairs know how to calmly and patiently comfort an individual due to their Mental Health First Aid training. When a new team member is hired, one of the first things they do is go through a Mental Health First Aid course to know how to handle individuals who are in such dire situations.

Property and Casualty Manager Jeana Thomas knows that the Mental Health First Aid training paid off when she was faced with a distraught Missourian during a Mutli-Agency Resource Center (MARC) in Franklin County. Due to the department’s reputation of handling situations with distressed individuals, a representative from the State Emergency Management Agency introduced Thomas to a Missourian who had undergone surgery four days prior to the floodwaters ruining his property and possessions.

“He was in a lot of pain after his surgery. He was shaking a lot, his voice was shaky, his hands were shaky, his eyes were bloodshot,” Thomas described.

Slowly Thomas and the man began to discuss his property and insurance. Due to his state of mind, Thomas understood the man was too overwhelmed to grasp a lot of information so she took her time and presented the information slowly. After discussing insurance and what he may want to consider in the future, Thomas walked him over to a station where he could get a meal and encouraged him to eat. After checking in with him a few more times, the gentleman visited other booths in search of resources.



**Jeana Thomas**  
Consumer Services Property and Casualty Manager

“ It [Mental Health First Aid] provides a level of empathy and understanding and teaches you how to begin breaking down walls of communication with those in distress. ”

That next week Thomas took part in a MARC in Arnold to help more disaster victims. To her surprise, the same distressed gentleman from Franklin County had returned. He walked over to Thomas and gave her a hug and thanked her for listening to him when he was in such an agitated state. He told Thomas “I just want you to know you made a difference.”

Thomas said that Mental Health First Aid prepared her for this situation. “It provides a level of empathy and understanding and teaches you how to begin breaking down walls of communication with those in distress,” she said.



Representatives from various agencies gather at a Multi-Agency Resource Center to assist Missourians.



Consumer Complaint Specialist I Lauren Holt (seated) helps a consumer with her insurance questions at a Multi-Agency Resource Center.





Director  
John  
Rehagen

301 W. High Street,  
Jefferson City, MO  
65101



573.751.4126



insurance.mo.gov

## DIVISION OF COMPANY REGULATION

### DIVISION STRUCTURE

#### Admissions Section

This section issues licenses, called certificates of authority, to insurance companies doing business in Missouri. A license is issued after financial and policy analysts review a company's financial health, proposed forms and history.

#### Captive Section

This section licenses and regulates captive insurers that operate in Missouri. Captives are a formalized form of self-insurance that provides risk management benefits for their owner, who is also the insured. Besides the benefits provided to their owners, captives pay premium tax to the state.

#### Financial Analysis Section

This section monitors the solvency and legal compliance of all insurance companies doing business in Missouri.

#### Insurance Regulatory Section

This section determines surplus lines premium taxes due to the state for non-admitted policies placed through brokers with surplus lines insurers or directly procured by insureds. The tax rate is five percent of premium for Missouri home state policies.

This section also enforces laws governing licensing and registration of nearly 1,000 regulated entities. This includes the registration and ongoing monitoring of surplus lines insurers and risk retention groups as well as non-insurance companies that provide insurance-related products or services. Examples are third party administrators, managing general agents, discount medical plans and reinsurance intermediaries.

#### Financial Examination Section

This section performs examinations of insurance companies headquartered or incorporated in Missouri. These are known as domestic insurers.



Talley brings with him almost 25 years of insurance regulatory experience in the captive industry.

### Captive Program continues to evolve with sustained growth

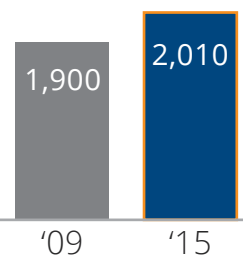
At the beginning of 2009, Missouri's captive law had been in effect for a little more than one year and had issued three licenses. By the end of 2015 that number has grown to 53 licenses issued. The amount of premium tax brought into the state from captives has increased by more than 1,500 percent since 2009. Captives, today, generate more than \$2 million in premium tax, up from \$118,000 in 2009.

Division of Company Regulation Director John Rehagen was the first captive program manager for the department. He established the processes and procedures necessary to produce the consistent growth of the program Missouri sees today. In addition to his other duties, Rehagen continues to oversee the direction and development

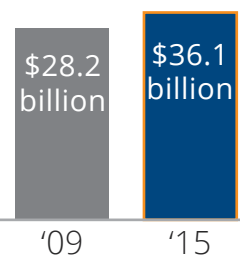
of the program. Rehagen turned over the reins for the day-to-day management of the program to captive insurance veteran John Talley in December 2015. Talley leads a well established and thriving captive program within the department. Talley brought with him almost 25 years of insurance regulatory experience, most recently as the Chief of Captive Insurance Operations for the New Jersey Department. Attracting such a high quality, experienced professional to manage the captive program is a testament to the strength of the captive program in Missouri. Under Talley's leadership, the captive program is well positioned to continue to provide increasing benefits to the state and the businesses that own captives in Missouri.

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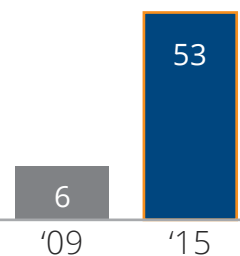
#### Licensed Insurers



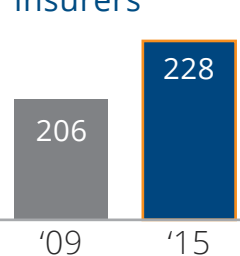
#### Premium Written



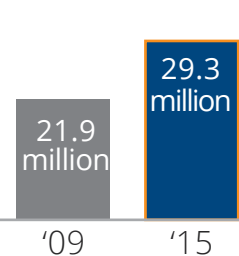
#### Captive Licenses



#### Missouri Domestic Insurers



#### Surplus Line Tax





# Director Huff serves as featured panelist at Western Region Captive Insurance Conference



Several DIFP team members attended or participated in the captive conference. From left are Director Huff, Maria Sheffield, Mike Shadowens, Shannon Schmoeger, Karen Baldree, Wyatt Sample, Karen Milster, Jodi Farris, Shyra Schulte and Lisa Li.

Director Huff welcomed the captive industry to St. Louis for the Western Region Captive Insurance Conference. The event was co-hosted by the Missouri, Arizona and Utah Captive Associations. The conference was held in St. Louis and included more than 200 attendees.

Huff helped lead a town hall discussion about the latest news and regulations currently in place with the National Association of Insurance Commissioners (NAIC). The department’s captive program was also highlighted at the event. Missouri currently has issued 53 capive licenses.

# Missouri is a lead participant in the Own Solvency and Risk Assessment (“ORSA”) Pilot Project



Leslie Nehring

Chief Financial Examiner Leslie Nehring and several of her examination and analysis staff participated in the 2014 NAIC ORSA Pilot Project that concluded in 2015. This was the third and final NAIC sponsored ORSA pilot project. Missouri has participated in each pilot project, but under Nehring’s leadership Missouri was charged with lead state responsibilities for ORSA review for the first time. Participation was also expanded for this pilot project to assist in training DIFP staff and to aid other states that had not yet participated in an ORSA review.

Nehring led and participated in a series of regulator to regulator calls as well as regulator to company calls to gain an understanding of their ORSA’s and to suggest enhancement in the their filings. Missouri’s participation as a lead state not only allowed for a great training

opportunity for department staff but through the review process DIFP provided help to other states that were not as familiar with the requirements of an ORSA review.

The NAIC adopted the Risk Management and ORSA Model Law in Sept. 2012 and the initial ORSA Guidance Manual in March 2012. The pilot projects have been used to study ORSA Summary Reports to improve the ORSA Guidance Manual. ORSA became effective in many states beginning in 2015 and will become an accreditation standard in 2018.

HB 50 which was signed by Governor Nixon in 2015 incorporates the provisions of the NAIC ORSA Model into Missouri Law. Through Nehring’s proactive participation and leadership in the pilot project she and her team will be prepared when the first ORSA filings are made in Missouri in 2016. Presently, 35 states have adopted the ORSA model law and legislation is pending in six additional states. Seven insurance groups will file their ORSA with the department.

Company Changes 2015	
Insurance Companies Admitted	21
Non-Insurance Companies Admitted	50
Mergers	21
Lines of Authority Added	6
Company Withdrawals	8

Captive Licenses Issued	Year	Licenses Issued	Captives
	2015	5	53
	2014	12	48
	2013	7	36
	2012	9	29
	2011	8	20
	2010	6	12
	2009	3	6





## Financial Analysis Section

Insurance premium sales: ..... **\$36.1 billion**

Total capital and surplus: ..... **\$1.15 trillion**

Total admitted assets: ..... **\$5.68 trillion**

## Captive Section

Captive Premium Tax collected: ..... **\$2 million**

Licenses issued 2015: ..... **5**

Total Licenses Issued: ..... **53**

## Financial Admissions

Total Licensed Companies: ..... **2,010**

Domestic Insurers: ..... **228**

Foreign (out of state) insurers: ..... **1472**

Alien (non-US) insurers: ..... **310**

## Insurance Regulatory Section

Surplus Lines premium tax: ..... **\$29.3 million**

Registered insurance-related entities: ..... **827**

## Regulators gather in St. Louis for Missouri-based RGA Supervisory College



John Rehagen



Wyatt Sample



Leslie Nehring



William Leung



Karen Milster



Laurie Pleus



Mike Shadowens



Debbie Doggett

State insurance regulators gathered with international regulators in St. Louis for the Reinsurance Group of America (RGA) Supervisory College. The college was held in June to strengthen mutual understanding, communication and cooperation in global regulation. The Missouri-based RGA is a leading global provider of life reinsurance.

The Missouri Department of Insurance, which is the lead international regulator for RGA, hosted the regulators, who supervise RGA operations in several jurisdictions. This was the department's third college, which had the highest attendance with representatives from Bermuda, California, Canada, Japan, Korea and Taiwan. Additionally, four jurisdictions (Barbados, Hong Kong, New Zealand and South Africa) participated via teleconference.

DIFP team members presented and answered questions about Missouri's regulatory roles and supervisory activities as they relate to RGA.

Division of Company Regulation Director John Rehagen presented on RGA's recent activities. Chief Financial Examiner Leslie Nehring gave an update on the Own Risk Self-Assessment implementation project. Financial Analyst/Examiner Karen Milster conducted the business meeting. In addition, representatives from the Division of Company Regulation were on hand to answer questions, including Mike Shadowens, Wyatt Sample, William Leung, Laurie Pleus and Debbie Doggett.



# Missouri works to strengthen NAIC Solvency Modernization Initiative

As a result of the NAIC's Solvency Modernization Initiative (SMI), the department improved its state-based insurance regulatory system through incorporating best practices from around the world. SMI is a critical self-examination of the United States' insurance solvency regulation framework.

Department team members worked on the initiative, which included a review of international developments regarding insurance supervision, banking supervision, and international accounting standards and their potential use in U.S. insurance regulation. SMI included the entire U.S. financial regulatory system and all aspects relative to the financial condition of an insurer. It was not limited to the evaluation of solvency-related areas. The SMI focused on key issues such as capital requirements, governance and risk management, group supervision, reinsurance, statutory accounting and financial reporting.

Missouri began to implement many of the improvements SMI created in 2013 after the work was concluded.

Some of the key SMI initiatives that have been implemented in Missouri to date include:

- **In 2013**, HB 133 adopted revision to the Credit for Reinsurance Model Law giving the director additional authority to regulate reinsurance transactions in Missouri through the approval of a certified reinsurer. Highly rated and well capitalized reinsurers located in jurisdictions with sound regulatory systems can now be certified and post reduced levels of collateral. This law reduced the cost of reinsurance transactions for Missouri domestic insurers, which should translate into a lower premium cost for consumers. Since January of 2014 the department has approved six certified reinsurers.
- **In 2015**, HB 50 adopted revisions to the Insurance Holding Company System Regulatory Act. The provisions of this new law enhance the director's ability to regulate insurers that are part of an insurance group. Some of the key enhancements include an Enterprise Risk Report that will begin being filed in 2016. The report identifies potential contagion risk present within the holding company system that could impact the solvency of insurance companies. Supervisory colleges were another important piece of this legislation. This is a forum of the leading international regulators

for an internationally active insurance group that discuss and share information from their jurisdictions and learn of potential risks to the group from their international colleagues. The colleges are a critical tool in developing an overall understanding of the risks of these large international groups. Missouri hosts one supervisory college as the lead international regulator and participates as the lead US regulator for three other colleges. Missouri also participates in several other colleges where a Missouri domestic insurer is a significant member of the insurance group.

- **In 2015**, HB 50 also adopted the Risk Management and Own Risk and Solvency Assessment Model Act. The provisions of this law require that the largest and most complex insurers file an Own Solvency and Risk Assessment Summary Report (ORSA) with the director beginning in 2016. The ORSA is an inside look into how companies manage and mitigate risk. It requires insurers to document their Enterprise Risk Management Framework, identify the key risks the group faces and stress those risks under various scenarios to determine the capital level necessary to withstand the impact of these adverse scenarios. It will help regulators identify potential weaknesses in a company's risk management and reduce the threat that prospective risks could impact the solvency of insurers. Seven insurance groups containing 21 Missouri domestic insurers will file an ORSA with the department in 2016.

- **In 2015**, SB 164 adopted updates to the Standard Valuation Law and the Standard

Nonforfeiture Law for Life Insurance. This new law adopted Principles Based Reserving (PBR), which is the right sizing of the accounting for life insurance reserve liabilities. Currently life insurance reserving is required to be performed on a formulaic basis. The standard mortality tables used today often do not keep up with product innovations and the actual risks associated with issuing many

Efforts are on-going to continually enhance state based regulation to better ensure the solvency of insurers operating in Missouri so consumers can be protected.

types of policies. Some life insurance products or features produce extremely high liabilities even though the risks are much lower and other types of products produce a lower requirement. The valuation manual utilized under PBR will be updated as needed to address product innovations such that life insurance reserving can be

more dynamic and address the true risk of the business companies write. The new provisions will go into effect, after at least 42 states with 75 percent of the life insurance premium written in the United States, have adopted the law. The current expected effective date is Jan. 1, 2017.

The implementation of changes to solvency regulation related to the SMI has accelerated the continued transformation from a balance sheet retrospective surveillance approach to a risk focused prospective and proactive approach. The focus is early identification of issues to allow for corrective action before they become solvency threatening. Efforts are on-going to continually enhance state based regulation to better ensure the solvency of insurers operating in Missouri so consumers can be protected.







Director  
Angela  
Nelson

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insurance.mo.gov

# DIVISION OF MARKET REGULATION

## DIVISION STRUCTURE

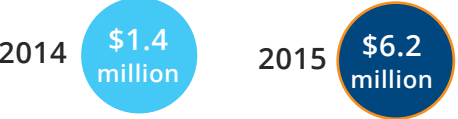
### Market Conduct Section

Unlike the Division of Consumer Affairs, which handles individual complaints, the Market Conduct Section delves deep into the operations of insurance companies suspected of violating Missouri laws. Violations found during exams and investigations may result in restitution to policyholders, fines or both. Fines and penalties assessed by Market Conduct go to the Missouri State School Fund.

#### Market conduct consumer recoveries



#### Market conduct company fines



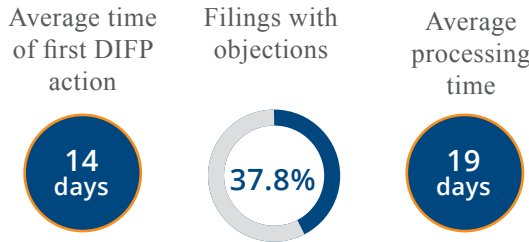
### Property and Casualty Section

This section reviews policies and rates for auto, homeowners, title, workers' compensation, commercial property, credit, malpractice insurance and more. If DIFP identifies potential violations in filings, insurance companies are notified and allowed the opportunity to correct the potential violation.

#### Property and Casualty 2015



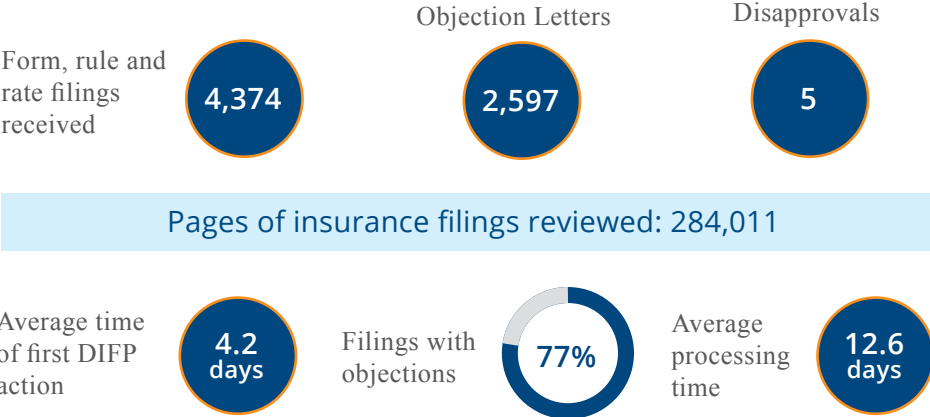
#### Pages of insurance filings reviewed: 308,493



### Life and Health Section

This section pre-approves all life and health insurance policy forms sold to Missourians. This prior approval requirement extends to group and individual health policies, annuities, prepaid dental plans, HMOs and others. Medigap rates must be approved by the section. Missouri law does not require rates to be filed for health insurance products. Missouri is the only state in the country that does not receive or review health insurance rate information.

#### Life and Health 2015



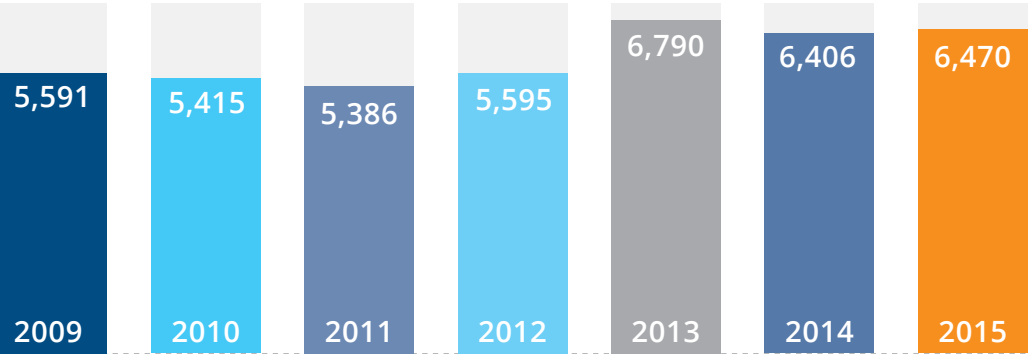
### Statistics Section

Thousands of data filings are submitted to the department every year. Most of these filings are analyzed by the Statistics Section. In 2015, nearly 6,100 data filings, excluding financial and market conduct annual statements, were submitted directly to the section. After validating and analyzing all of the insurance company data submissions, the Statistics Section creates databases, publishes reports on insurance markets in Missouri and monitors the availability and affordability of insurance coverage in the state.

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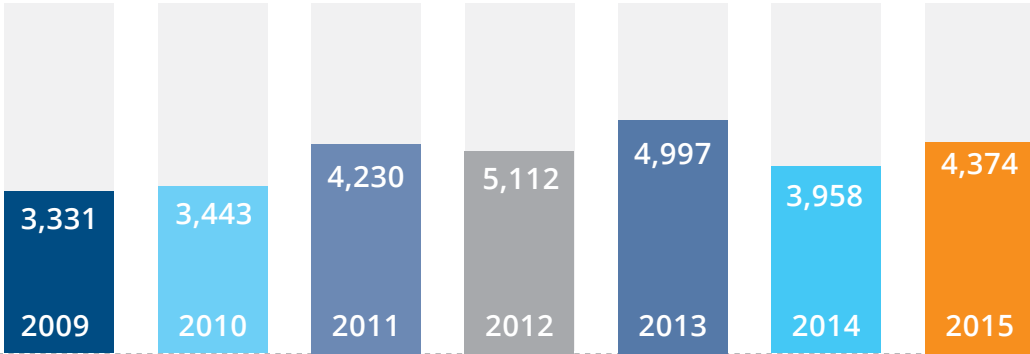
### Property and Casualty

Form, rule and rate filings received.



### Life and Health

Form, rule and rate filings received.







## Autism Therapy: Helping Peyton Connect



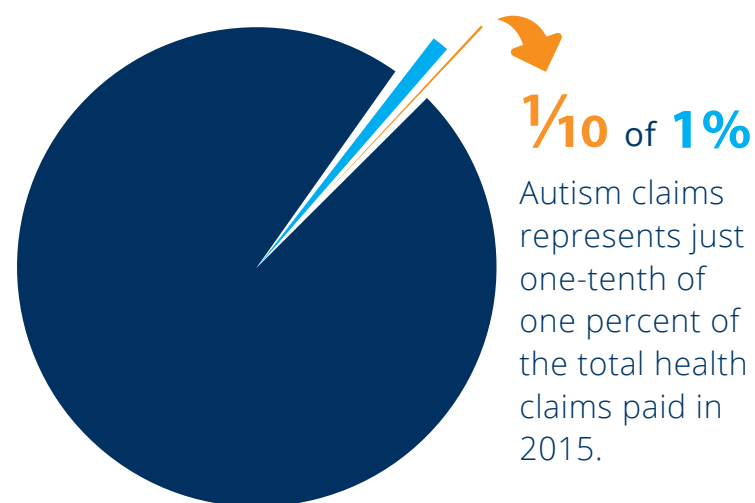
Learn how applied behavior analysis therapy helps 4-year-old Peyton connect with the world. Since the passage of the autism law in 2011, Missouri has seen a steady increase in behavior analysts and assistant behavior analysts. These professionals are key in helping individuals with autism adapt to their environment.

## Five years later, Missouri's groundbreaking Autism Mandate continues to deliver for Missouri families

Since Governor Jay Nixon signed the Autism Mandate into law in 2011, the number of applied behavior analysis therapy (ABA) sessions covered by insurance companies has more than doubled. Families, who may not otherwise have been able to afford treatment, are getting ABA services they need. The mandate requires health insurance companies to cover ABA and other autism related treatments. In 2015, insurance companies reported paying for nearly 33,000 ABA sessions, up from 14,500 in 2013. Additionally, ABA therapy sessions have increased by more than 30 percent in 2015, up more than 7,700 treatments from 2014.

The law also created the Behavior Analyst Advisory Board that licenses behavior analysts, assistant behavior analysts and provisionally licensed behavior analysts. Today, there are 309 licensed behavior analysts, 37 assistant behavior analysts and four provisionally licensed behavior analysts in the state.

The costs of treatment to health insurers continue to be consistent with the original projections made by the department prior to the passage of the mandate. Even as the number of covered treatments continues to rise, claims for autism-related treatments totaled only \$10 million of the more than \$4.1 billion in health claims paid by Missouri insurers in 2015. Autism accounted for just a tiny sliver of the pie, with autism claims representing just one-tenth of one percent of the total health claims paid.



## Department reaches record \$4.5 million settlement with Aetna

The Missouri Department of Insurance reached a historic \$4.5 million settlement with Aetna Life Insurance Company and Aetna Health Insurance Company. The companies failed to provide coverage for the diagnosis and treatment of autism spectrum disorders.

The settlement - which includes Missouri's largest fine ever for insurance law violations - also allows the Missouri Department of Insurance to suspend those companies from doing business in the state for up to one year, if they violate the agreement during a three-year monitoring period.

Insurance companies offering coverage in Missouri at start of year

	2012	2013	2014	2015	2016
Homeowners	135	138	131	127	126
Auto	200	199	186	176	176
Comprehensive health (not HMOs)	63	51	53	47	43
Life and annuities	428	420	420	399	402
HMOs	17	18	16	15	16
Long-term care	103	97	99	95	93
Medical malpractice	46	51	50	49	52
Workers' comp	311	322	318	320	334

## State's strong workers' compensation market benefits Missouri businesses

Missouri's workers' compensation market grew 12 percent between 2009 to 2015. The market is very competitive with 334 active carriers. Rates have decreased in five of the past seven years. The two years with rate increases were 2013 and 2014 (2014 being the year Senate Bill 1 was implemented).

The rate decreases are largely due to a decline in the number of accidents/injuries that keep workers away from their jobs and the overall cost of claims continues to be level. This year is on track to have a significant decrease in rates as well. Eighty-eight new carriers have entered the market since 2009, which is an indicator that the market is attractive to carriers.



## Jim Mealer named 2015 Paul DeAngelo Memorial Teaching Award recipient



Jim Mealer

Chief Market Conduct Examiner Jim Mealer was named the 2015 recipient of the Paul DeAngelo Memorial Teaching Award given by the Insurance Regulatory Examiners Society (IRES) Foundation.

The Paul L. DeAngelo Memorial Teaching Award in Recognition of Excellence in Insurance Education was created by the IRES Foundation and presented to the family of Mr. DeAngelo

in 2001. The IRES Foundation bestows this award annually in memory of Mr. DeAngelo to honor an insurance regulator or former regulator who has distinguished himself/herself in the field of insurance education and training.

Mealer is a member of the IRES Board of Directors and holds the certified insurance examiner (CIE) and market conduct management (MCM) designations. He has been a member of the organization for more than 20 years. He was part of the first MCM class conducted by the IRES and is a staunch supporter of continuing education. Mealer serves on the faculty at the IRES Foundation Market Conduct School and the IRES Career Development Seminar. He became chief market conduct examiner for the department in 2009.

IRES was established in 1987 as a nonprofit organization of professional insurance regulators, who are dedicated to consumer protection. It works to enhance the efforts of insurance regulators by ensuring professionalism and integrity among the men and women who serve with state or federal insurance regulatory bodies.

## Missouri takes lead in multi-state examination of Anthem in wake of data breach

The Missouri Department of Insurance helped lead an NAIC multi-state examination into the Anthem companies following a data breach that impacted the personal information of one in three Missourians. On Jan. 29, 2015, Anthem discovered the unauthorized access of consumer information including member names, member health identification numbers, dates of birth, Social Security numbers, addresses, telephone numbers, email addresses, employment information and income data. The breach was discovered by a database administrator who noticed his credentials were being used without

his knowledge or consent. As many as 80 million people nationally may have had their information compromised.

To help Missourians stay up-to-date with the most current information about the breach, the department issued a series of press releases that identified the steps Anthem subscribers could take to enroll in free identity protection services. Additionally, the department launched a special webpage on its website dedicated to providing Missourians with information about the breach.

1 in 3

Missourians' personal information was compromised.

More than **2 million Missourians** were affected by the data breach.



## Missourians benefit from competitive auto market

Missouri drivers enjoy some of the lowest auto rates in the country. According to data recently released by the NAIC, Missouri ranks 35th among the states and Washington DC for the cost of auto insurance. That means that 34 states had higher premiums, while only 16 had lower premiums.

For full coverage (liability + collision + comprehensive), average annual premiums were only \$11 higher in 2014 than in 2003, an increase of just 1.5 percent. In real terms (adjusting for inflation), premium actually decreased by more than 20 percent.

Missouri's auto insurance market is very competitive, as the top four insurers have just 51.1 percent of the market share. There are 177 insurance companies competing for business in Missouri.

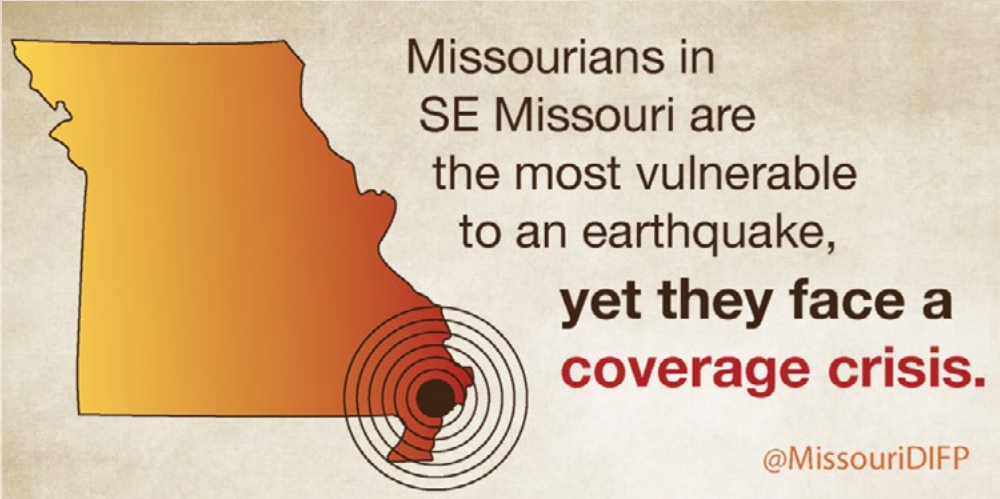
"It's no coincidence that Missouri has a highly competitive auto insurance market and has some of the lowest rates in the country," said Department Director John M. Huff.



# Department 2015 earthquake report illustrates earthquake coverage crisis in Missouri

The department's **2015 Earthquake Report** shows that Missouri is at a tipping point because the amount of uninsured property will soon surpass the amount of insured residential properties in the state, which is currently estimated at \$101 billion. The Department's Chief Statistician, Dr. Brent Kabler, oversaw the production of the alarming report. Missouri is one of the few states that collect residential insurance data by ZIP code, including data for earthquake coverage. This data allows for the precise measure of market penetration and price by geographic region. In addition, data was supplemented by a survey of Missouri's largest writers regarding market practices related to earthquake coverage.

"We have been watching the earthquake market closely for decades," Director of the Division of Market Regulation and Chief Industry Liaison Angela Nelson said. "We've watched rates rise, deductibles increase and major companies leave the earthquake market. Unfortunately, all of these factors mean we are seeing the number of insured properties



The department's 2015 Earthquake Report shows that Missouri is at a tipping point...

in Missouri dwindle. In our view, we are at a critical juncture because the amount of uninsured residential property may jeopardize our state's ability to fully recover from an earthquake event."

According to the data, 562,734 residences not covered for earthquake losses are located in counties rated seven or higher on the Mercalli scale, which measures vulnerability to earthquakes. Missouri is the third-largest market for earthquake insurance among states, exceeded only by California and Washington, but the

insurance market has significantly contracted in the past 15 years. Many insurers have left the market entirely while others refuse to issue new policies in the New Madrid area, which is most prone to earthquakes. Among

\$100 billion worth of residential structures in Missouri are uninsured for earthquakes

CONSIDER COVERAGE

@MissouriDIFP



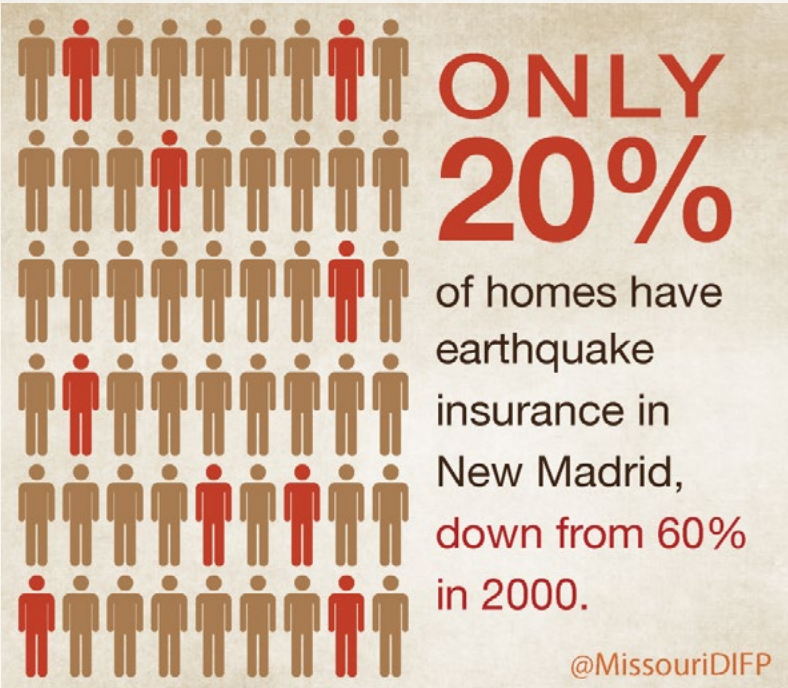
insurers still willing to sell coverage, stricter underwriting standards make some types of dwellings ineligible for coverage.

In some counties with the highest risk of catastrophic earthquake damage, 80 percent of the homes are uninsured. In 18 of Missouri's 114 counties, less than 10 percent of homes have earthquake coverage.

On average, premiums in the six counties that comprise the New Madrid area increased by more than 500 percent between 2000-2014, and in one county by nearly 700 percent. In 2000, more than 60 percent of homes in the New Madrid area had earthquake coverage. By 2014, the rate of coverage had plummeted to 20 percent.

The data shows the state is now facing an earthquake coverage crisis in southeast Missouri, the area most prone to earthquake damage.

According to the data, 562,734 residences not covered for earthquake losses are located in counties rated seven or higher on the Mercalli scale.







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insurance.mo.gov

## ADMINISTRATION

### DIVISION STRUCTURE

#### Budget and Regulatory Services Section

The section is responsible for the development and coordination of the department's annual operating budget and regulates and licenses insurance producers (agents and agencies) doing business in Missouri. This section is also responsible for the licensure and registration of public adjusters, bail bond agents, surety recovery agents, surplus lines producers, motor vehicle extended service contract producers and providers, service contract providers, vehicle protection product warrantors, portable electronics providers, life care providers, purchasing groups, advisory organizations, rating

organizations, utilization review agents and navigators.

DIFP's fiscal year 2015 operating budget was \$41 million. The department receives no general revenue and is funded through fees from industries the department regulates.



FY 2015 budget:  
\$41 million

Insurance	\$16.1M
Professional Registration	\$14.6M
Finance	\$8.7M
Credit Unions	\$1.3M

#### CLAIM Program

The Administration Division oversees the CLAIM Program, which provides free counseling for Missouri consumers with Medicare and their caregivers. CLAIM is funded by DIFP and the Federal Administration for Community Living. Consumers can contact CLAIM by phone or online:

800-390-3330  
[missouricclaim.org](http://missouricclaim.org)



#### Accounting and Fiscal Management Section

The section is responsible for the fiscal management of state insurance funds and federal grants, including accounts payable, accounts receivable, contracts and procurement, as well as overseeing the certification of premium taxes due to the state.

#### Human Resources Section

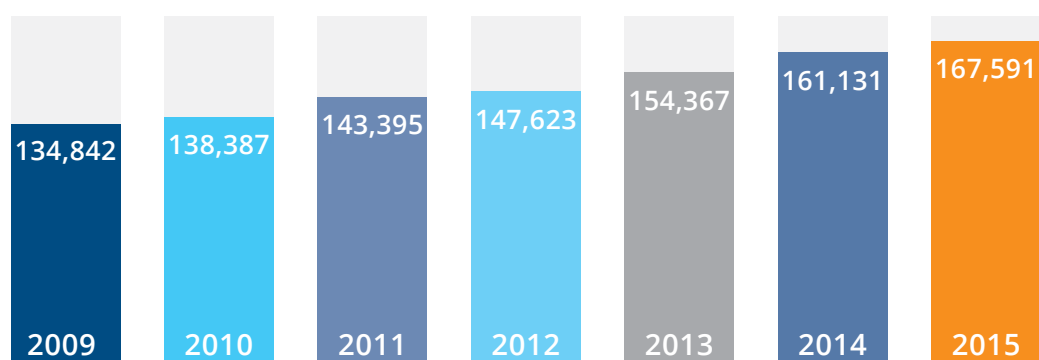
This section administers employee pay and benefits, develops and implements employee policies and procedures, and recruits and trains employees.

#### General Services Unit

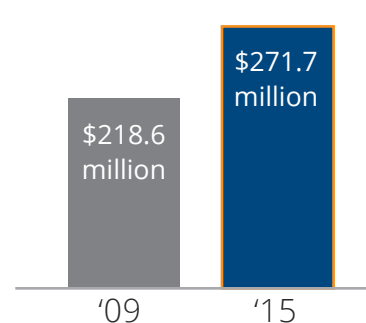
This unit is responsible for mailroom, fleet management, reception and record retention/archiving.

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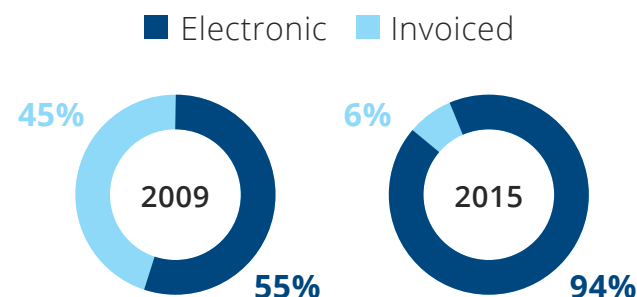
Number of Licensees



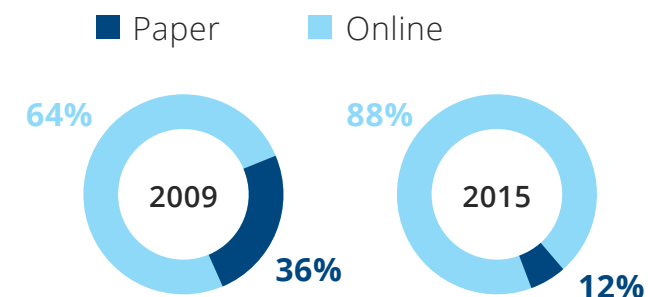
Premium Tax



Rate & Form Filings



Insurance Agents Applications





Current Total licensees:  
168,092

Insurance agents .....	147,919
Insurance agencies.....	13,683
Bail bond agents .....	922
Navigators (individual) .....	500
Navigators (entity).....	78
Public Adjusters .....	181
Surplus lines producers.....	1,742
Service contract providers ..	52
Rating organizations.....	21
Advisory organizations.....	7
Purchasing groups.....	284
Life care providers.....	13
Portable electronics .....	26
Organizational credit business entity providers .....	205
Utilization review agents .....	101
Vehicle protection product warrantors .....	44
Motor vehicle extended service contract individuals .....	2,073
Motor vehicle extended service contract business entities .....	94
Motor vehicle extended service contract providers .....	147

# Leadership

DEVELOPMENT  TRAINING

PROGRAM

## Department launches four-year leadership development program

In 2015 the department implemented a new Leadership Development Training program. It is a four-year process in which the department helps develop new leaders and expand their knowledge of the responsibilities that come with being a supervisor. Leadership Development Coordinator Lisa Schuster facilitates the process and helps acclimate managers to their new roles, along with assistance from Human Resources Manager Keith Dudenhoeffer



Keith Dudenhoeffer



Lisa Schuster

“This program simultaneously provides new managers with information on Office of Administration (OA) training courses as well as direct interaction with HR. It offers the opportunity to ask supervisory questions as responsibilities transition from primarily technical duties to leadership roles,” Schuster said. “I’m excited about the opportunity and look forward to the positive impact it will have on our leadership culture in the years to come.”

The program provides a framework for new managers to meet OA training requirements and helps guide them toward the state’s most beneficial courses. It also offers a policy focus discussion with human resources periodically each year for managers to gain a thorough understanding of department policies and procedures.

## Kopp named recipient of “Excellence in Wellness Promotions” award

Department Wellness Ambassador Tamara Kopp received the Strive for Wellness “Excellence in Wellness Promotions” award. The award was established in 2013 to recognize the hard work and dedication of one outstanding wellness ambassador each year.

Ambassadors can receive nominations for the award in multiple ways – via their department director, their office Wellness Committee, or they may fill out a nomination application for themselves. Nominations are scored in five different categories including the detail of the nomination application, volume of meetings, activities or events the ambassador has hosted for the department and the staff, innovations, improvements to current wellness committee or agency, Strive for Wellness meeting attendance



and Strive for Wellness staff recommendations. Kopp received the award at the Strive for Wellness end-of-the-year recognition reception.

## Administration employees take on expanded roles



Susan Cardwell and Kyle Lootens, two veteran administration employees, took on expanded roles under a reassignment of duties from other divisions within the Division of Administration. The certification of state premium taxes, several regulatory licenses and registrations became a part of the Division of Administration’s responsibilities in July. Susan Cardwell became the manager that oversees

budget, insurance producer licensing and the licensing and registration of several other regulatory types. Kyle Lootens became the manager that oversees accounting, premium tax and grant management. “Susan and Kyle are both ready for the new challenges and opportunities the reorganization will bring,” said Administration Director Grady Martin. “They are well-qualified to lead their respective areas and the new division structure will allow for more efficient operation and create a legacy organization structure where knowledge and responsibilities are better transferred between Administration Section Managers.”





# Finance

The Missouri Division of Finance regulates state-chartered banks, trust companies, consumer credit facilities, mortgage brokers, and savings and loan institutions. Primary objectives include ensuring the safety and soundness of those institutions and the monitoring of compliance with laws and regulations, thereby safeguarding the funds of depositors and maintaining public confidence in Missouri's financial system. These objectives are carried out by a staff of commercial bank examiners, specialized trust examiners, consumer credit examiners and an office support staff dedicated to continuously improving working relations with our customers.





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## Division Structure

### Banks and Trust Section

This section regulates and examines state-chartered banks and trust companies for solvency to protect depositors. Banks can choose either a federal or a state charter, and about 90 percent of banks in Missouri are state-chartered.

Federally chartered banks are regulated by the Office of the Comptroller of the Currency. Customer deposits are insured by the Federal Deposit Insurance Corp. (FDIC). The section also regulates five state-chartered savings and loan associations. Federal savings institutions are regulated by the Office of the Comptroller of Currency.

### Consumer Credit Section

This section enforces state and federal laws governing consumer transactions, including Truth-in-Lending and anti-discrimination laws. It also handles consumer complaints and inquiries. Companies licensed and examined by this section include payday lenders, title lenders, consumer installment lenders, small loan companies, debt adjusters and companies that issue money orders, traveler's checks or transmit funds electronically.

The section also enforces anti-discrimination (redlining) laws for state-regulated lenders and mortgage brokers. These laws prohibit discrimination in residential real estate loans based on property location, race, age, sex, marital status, religion or national origin of the borrower.

### Mortgage Licensing Section

This section regulates mortgage brokers and mortgage loan originators through licensing and on-site exams. A mortgage broker is a company and a mortgage originator is an individual employed by a mortgage broker. Bank and credit union employees are exempt from licensing.

The section investigates license applicants for criminal history, general fitness, experience and financial responsibility (including credit history). Examinations of licensed companies are conducted to determine their adherence with a multitude of state and federal compliance laws.

## Weathering the financial crisis

In the midst of the financial crisis in 2010, the Division of Finance had 77 problem banks. By the end of 2015, the financial picture for state-chartered banks was much different as that number dwindled to just 19, lower than it was in 2007. Additionally, the division has not had a bank failure since 2012.

In 2009, the division regulated state-chartered banks with total assets worth \$80 billion. In 2015, the division regulated banks with more than

\$112.8 billion in assets. Since 2009, 17 federally-chartered banks and thrifts have converted to state-chartered financial institutions. These conversions added \$30 billion in assets to the state's system.

The division regulates six of the 10 largest banks and thrifts chartered in the state of Missouri. Missouri ranks fourth highest in the nation (tied with Minnesota) on total number of state bank charters with 261.

### Companies licensed by the Consumer Credit Section

Payday lenders: **792**

Consumer installment lenders: **977**

Small loan lenders: **508**

Title loan lenders: **65**

Motor vehicle time sale lenders: **198**

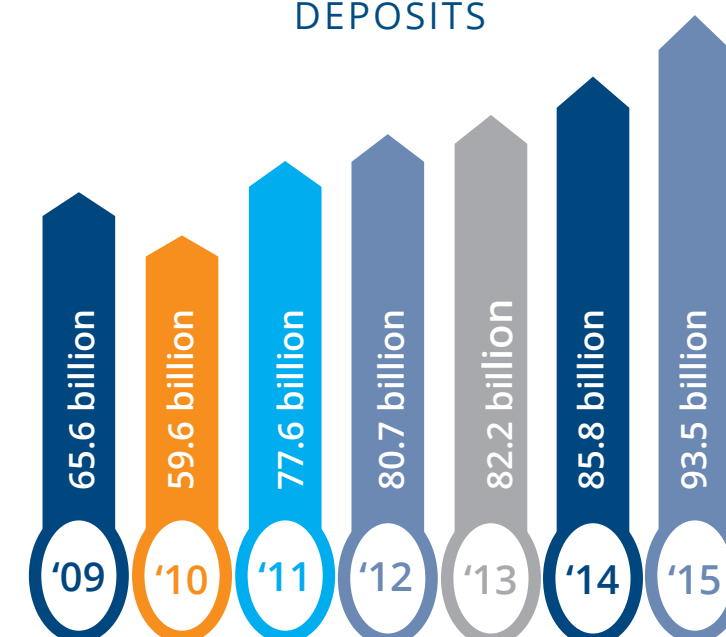
Missouri financing institutions: **86**

Premium finance companies: **66**

Companies that issue travelers checks, money orders, or electronically send funds: **105**

Credit service organization: **25**

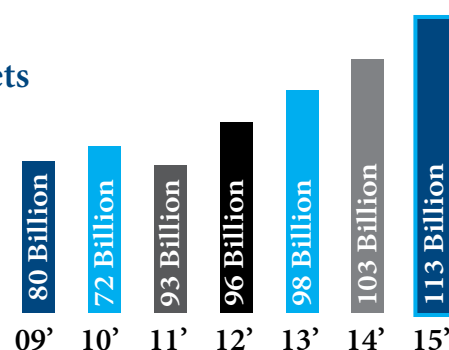
### DEPOSITS



## the past 7 years

### State Chartered Bank Assets

Bank assets continued to increase in 2015 while the number of banks has leveled off since 2008 due to mergers, acquisitions and closures.

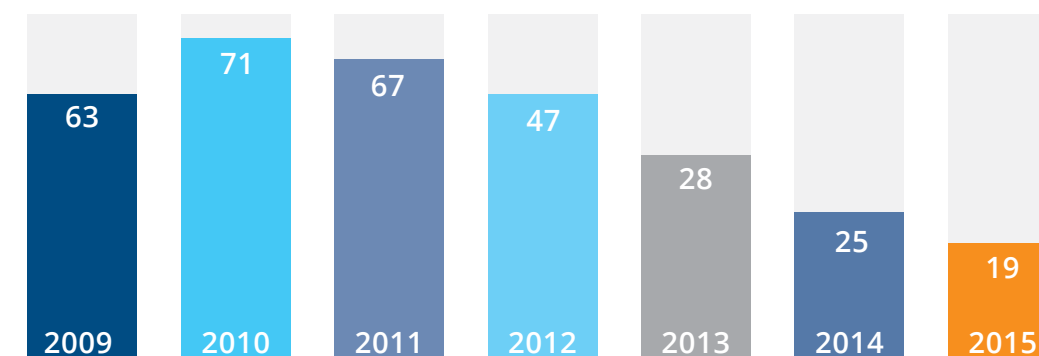


### Number of State Chartered Banks



### Priority Banks

The number of problem banks is the lowest it has been since 2007.



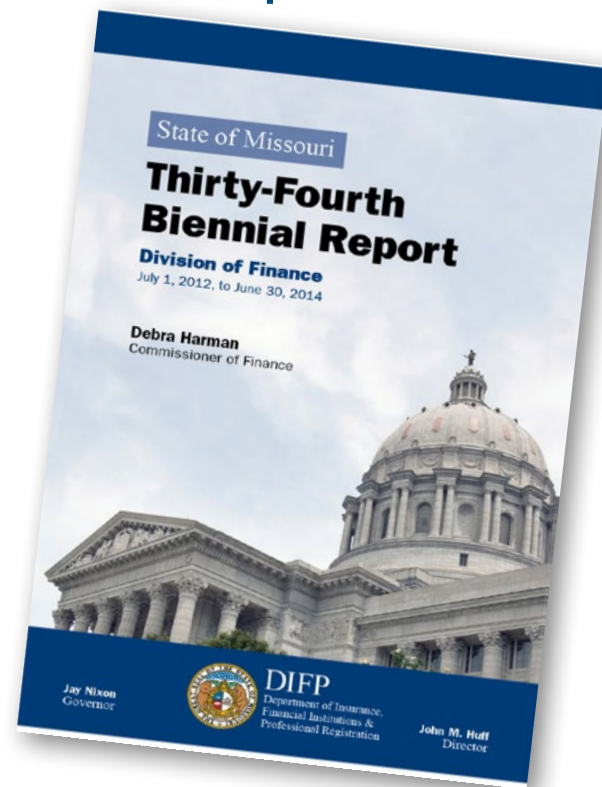




## Division releases 2012-2014 Biennial Report

Chapter 361.140.RSMo requires the commissioner of the Division of Finance to produce a report every two years that includes the name and condition of financial institutions regulated by the division, banks that have ceased operating in the state, legislative changes, personnel and more. The division released its 34th Biennial Report on Mar. 1, 2015.

The report serves as a resource that dates back to the early 1900s. The division begins assembling data and information for the report after June 30 prior to when the report is released every other year. The report can be viewed on the [divisions' website](#).



“ The Biennial Report is a tremendous resource that is utilized by both the industry and consumers. ”

- Debra Hardman, Acting Finance Commissioner -



## 2015 Stats

Companies and individuals regulated by Division of Finance: **7,949**

State-chartered banks in Missouri: **261**

State-chartered savings and loan associations: **5**

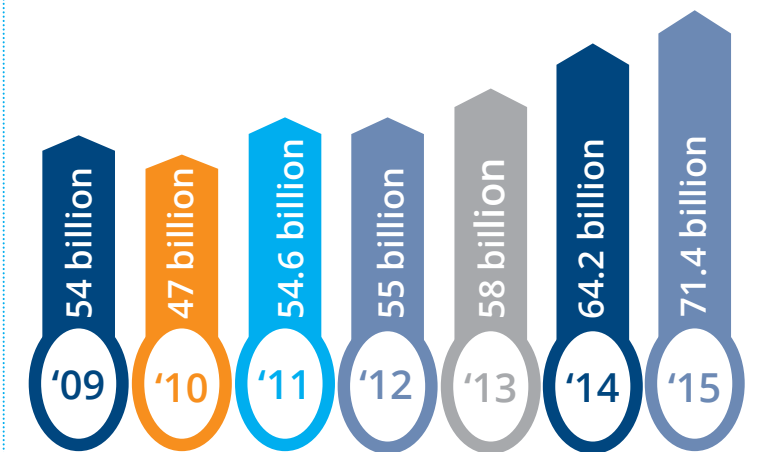
Nondeposit trusts: **5**

Mortgage brokers: **447**

Mortgage loan originators: **4,409**

Consumer credit licensees: **2,822**

## LOANS



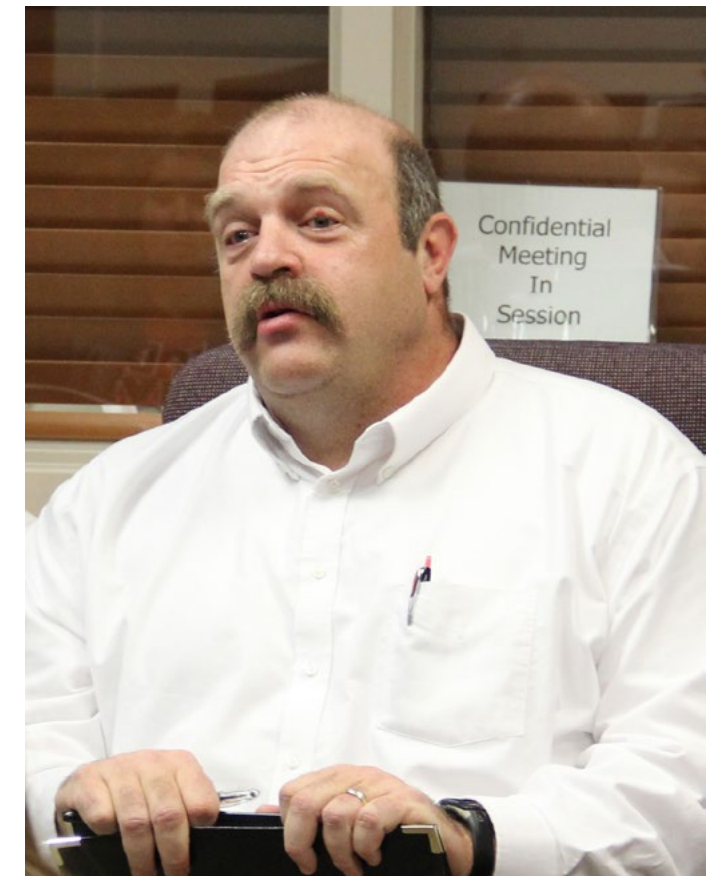
## Division of Finance conducts outreach to educate teens about financial literacy

Consumer Credit Supervisor Joe Crider spoke to teenagers about the importance of maintaining good credit. It is part of Life Skills, a series of classes youth take for eight weeks. The ongoing program is held quarterly. Credit, bills and other money matters all require a sense of responsibility.

“ The earlier kids are exposed and embrace these financial concepts, the better their chances for a healthy credit rating and financial success. ”

- Joe Crider, Consumer Credit Supervisor -

Crider and two other banking experts addressed questions and insecurities youth may have about managing money, credit and checking accounts.







# Credit Unions

---

The Division of Credit Unions is the regulatory agency responsible for the examination, supervision, chartering, merger and liquidation of all state-chartered credit unions. The division also responds to consumer requests or complaints in regard to credit union services or operations. The entire cost of the agency is reimbursed to the state through fees and assessments paid by the credit unions.

The division is an accredited agency through the National Association of State Credit Union Supervisors. All deposits are insured up to \$250,000 by the National Credit Union Share Insurance Fund, operated by the National Credit Union Administration, an agency of the federal government.





Director Ken Bonnot

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## Division Structure

### Protecting Missouri depositors

This division regulates and examines state-chartered credit unions for solvency to protect depositors. The division also responds to consumer inquiries and complaints about credit unions.

Credit unions can choose to be state or federally chartered. Federally chartered credit unions are regulated by the National Credit Union Administration. Customer deposits are insured by the National Credit

Union Share Insurance Fund, similar to the FDIC.

The Division of Credit Unions is an accredited agency through the National Association of State Credit Union Supervisors.

The division proactively performs off-site monitoring on an ongoing basis to help identify increasing risk. Credit unions facing financial, operational or compliance problems receive increased attention, which may come in the form of enforcement actions.

## Credit Unions reach record number of assets in 2015

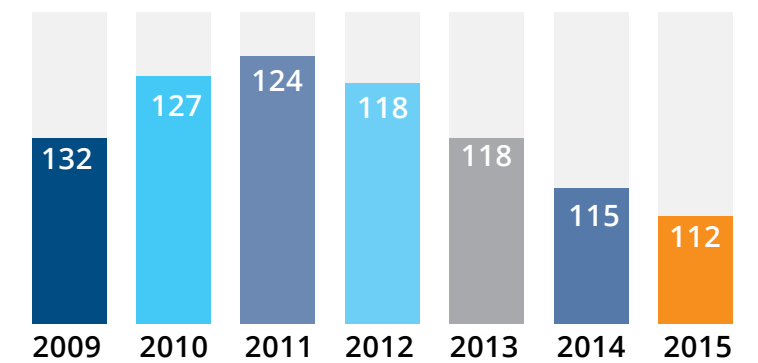
In 2009 the Division of Credit Unions regulated state-chartered credit unions with \$8.5 billion in assets and had three credit unions with "problem" status. In 2015 state-chartered credit unions topped a record \$11 billion in assets and are expected to surge past \$12 billion in 2016. The

division also closed out 2015 with no state-chartered credit union failures and no credit unions in problem status. The division also experienced a healthy growth in credit union membership of 3.1 percent.

## Consumer Complaints



## Credit Unions



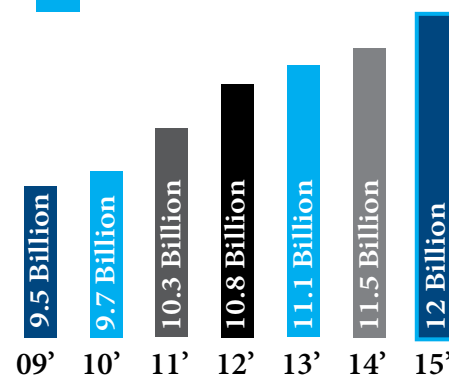
## We're No. 8

- Missouri ranks eighth in the nation in the number of state-chartered credit unions with 112.
- About 1.39 million people are members of credit unions in Missouri.

the  
past 7 years

### Credit Union Assets

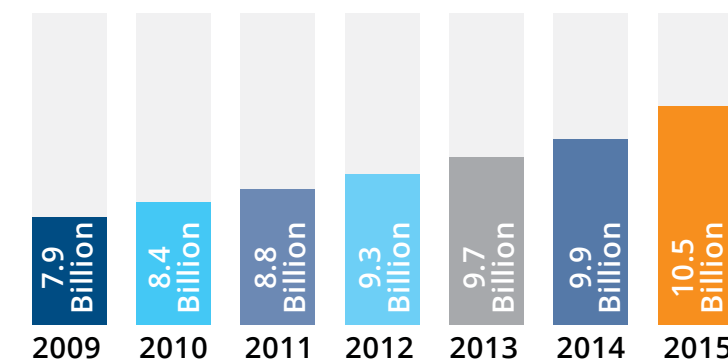
Credit Union assets have continued to increase since 2009.



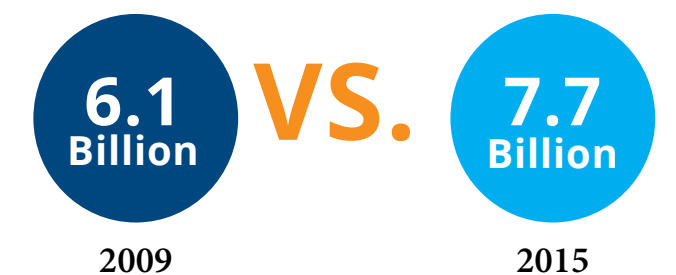
### Priority Credit Unions



## Deposits



## Loans







# Professional Registration

---

The division provides administrative support to 40 professional licensing boards and commissions responsible for licensing and regulating the activities of approximately 457,800 Missourians.

The division exists to serve and protect the public from incompetency, misconduct, gross negligence, fraud, misrepresentation or dishonesty by providing an accessible, responsible and accountable regulatory system that licenses only qualified professionals by examination and evaluation of minimum competency and enforces standards by implementing legislation and administrative rules.





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## Division Structure

### Board licensing, discipline

Licensing and discipline are handled by 40 boards housed within the division. Boards review applications, issue licenses, and investigate and discipline licensed professionals and businesses. The division's 239 board members are appointed by the governor with the consent of the state senate for terms established by statutes governing each board. The division receives no general revenue and is fully funded by the fees paid by licensees.

The division's Administrative Unit includes the division director and provides assistance with human resources, budget, legislation, legal counsel, information technology and other functions to all boards.

Some boards have dedicated investigators and inspectors, while others use the division's Central Investigative Unit. These teams respond to complaints about licensees and inspect salons, barber

shops, funeral homes, tattoo shops and other facilities to check for compliance with state laws and regulations.

### Disciplinary procedures

To discipline a licensee, boards in most cases must file a complaint with the Administrative Hearing Commission (part of the Office of Administration), which determines whether there is cause for discipline. When cause is found, boards can suspend or revoke licenses, censor or reprimand a licensee or put them on probation.

Through education and discipline, the professional licensing boards emphasize compliance with the laws and regulations of each profession. As a result, licensees better understand the regulations governing their professions, provide improved service for Missourians and generate fewer consumer complaints.



## Professional Profiles Board of Nursing



### Department launches Professional Profiles podcast series

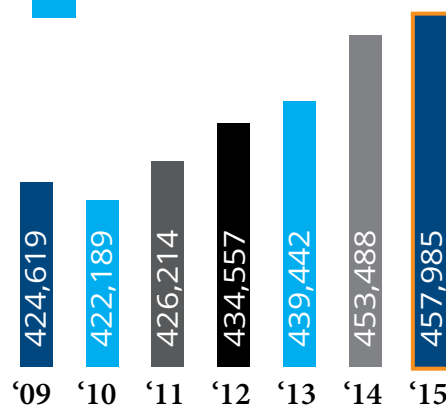
The department's communications team launched a new video podcast series called Professional Profiles in 2015. The new series highlights the regulatory work of the various boards of the Division of Professional Registration.

Professional Profiles is featured as a new playlist at [youtube.com/missouridifp](https://youtube.com/missouridifp). As new videos are released they are also placed on each of the respective board's webpages and on [difp.mo.gov](https://difp.mo.gov) to highlight what they do. The series is geared at educating Missourians about the role of the Division of Professional Registration.

## the past 7 years

### Professional Registration licensees

The number of licensed professionals has increased every year since 2010. There are 35,796 more professionals than in 2010.



more than  
457,985

Licensed professionals and  
businesses

247

Professions licensed

\$21.2M

Licensing fees collected

40

Boards and commissions  
supported



# Board of Nursing hosts first Best Practices in Nursing Education Conference



Innovative Best Practice in Nursing Conference planners from left: Bibi Schultz, education administrator, Dr. Rhoda Hutton Gann, dean of Heath Sciences & Nursing, State Fair Community College, Shelly Wehmeyer, associate education administrator, MSBN, Mallory Ainsworth, assistant to the education administrator, Dr. Rita Wunderlich, faculty member at Goldfarb School of Nursing, and Debra Funk, practice administrator, MSBN.

The Missouri State Board of Nursing (MSBN) co-sponsored the Innovative Best Practices in Nursing Education (IBP) Conference with State Fair Community College in Sedalia. The conference aimed to promote a platform for dialogue between these stakeholders about innovative nursing education models and employers’ expectations of new graduate nurses.

“This conference brought together leaders in nursing to optimally define current expectations for new graduate nurses,” said Bibi Schultz, education administrator, MSBN. “Additionally, it promoted innovative strategies in nursing education, guided students in their transition to nursing practice, and connected



nurse educators from all levels of nursing education and all areas of the state to share their expertise. It served as a beginning dialogue to promote collaboration between nurse educators, regulators and nurse employers.”

Schultz said better collaboration between stakeholders would encourage quality in nursing education. Using the World Café format, which encourages attendees to actively engage and converse with one another, attendees discussed various topics including: classroom technology, interdisciplinary learning, mentoring of nursing faculty, innovative strategies for classroom, clinical learning and academic progression. Participants also talked about indicators of successful nursing education programs and shared best practices in teaching and learning. Many nurse educators served as facilitators of round table discussions and eagerly shared their expertise. This raised awareness of practice needs and expectations, impact of innovative teaching strategies deliberately designed to facilitate critical thinking and to optimize clinical decision making directly fosters patient safety.

The Missouri State Board of Nursing (MSBN) is a state government agency whose mission is to protect the public by development and enforcement of state laws governing the safe practice of nursing. Co-sponsorship by the Missouri State Board of Nursing and State Fair Community College demonstrates the shared vision of Missouri regulators and nurse educators to ensure that nursing education keeps pace with demands of an ever changing, evolving practice environment so that patient care is safe and outcomes are supported.

The state’s professional licensing boards and commissions inspect everything from financial operations of CPAs to hygienic practices of hair salons and tattoo artists. The division regulates 457,985 individuals and companies.

Accountants and accountancy firms	21,701
Acupuncturists	131
Athlete agents	46
Athletics: Professional boxers, wrestlers and mixed martial arts	2,081
Architects, professional engineers, professional land surveyors and landscape architects	26,338
Behavior analysts	313
Chiropractors	2,353
Cosmetologists and barbers	75,030
Professional counselors	5,839
Dentists and dental hygienists	14,824
Dietitians	2,159
Embalmers and funeral directors	6,213
Cemeteries (endowed care)	122
Geologists	868



Healing arts: 44,444  
Physicians and surgeons  
Physician assistants  
Physical therapists and assistants  
Speech language pathologists  
Clinical audiologists  
Clinical perfusionists  
Anesthesiologist assistants  
Audiologists  
Athletic trainers

Hearing instrument specialists 245

Interior designers 81

Interpreters 739

Marital and family therapists 301

Massage therapists 6,663

Nurses 136,473

Occupational therapists 4,977

Optometrists 1,347

Pharmacists, pharmacies  
and pharmacy technicians 38,527

Podiatrists 375

Private investigators and  
private fire investigators 1,006

Psychologists 2,206

Real estate appraisers 2,688

Real estate agents  
and brokers 40,658

Respiratory care practitioners 4,617

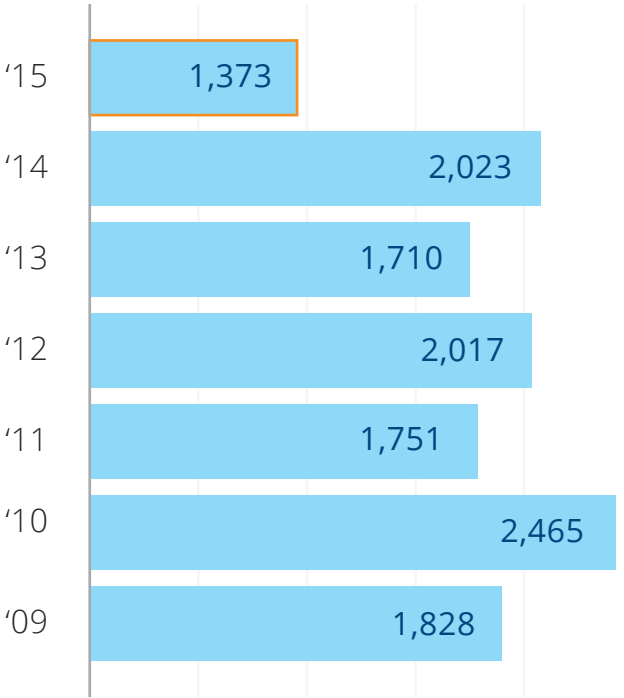
Social workers (clinical) 7,933

Tattoo, body piercing and  
branding artists 1,394

Veterinarians and  
vet technicians 5,293

**TOTAL 457,985**

Discipline Initiated



“ This conference provided an energizing forum for professionals from all segments of the health care industry to join state regulators in learning ways to keep even the most vulnerable patients safe while delivering compassionate state-of-the-art care. ”

- Director Huff -

## Joint Patient Safety Conference draws capacity crowd

All-day forum fosters opportunity for regulators and professionals to discuss best practices

The second annual Patient Safety Joint Regulatory Conference held in Jefferson City attracted more than 300 licensed health care professionals. The Aug. 28 conference was hosted by 10 regulatory health boards from the Division of Professional Registration.

Physicians and other health care professionals as well as directors of health care programs presented at four sessions:

- Combating Compassion Fatigue to Improve Patient Safety.
- Patient Safety and Impaired Patients.

- Safe Health Care Delivery with Sign Language.
- Keeping Patients Safe in the Telehealth World.

The first Patient Safety Joint Regulatory Conference held last year was hosted by the Dental, Nursing, Pharmacy and Healing Arts boards. This year's conference was expanded to include the Chiropractic Examiners, Podiatric Medicine, and Respiratory Care boards, and the Psychologists, Professional Counselors, and Social Workers committees.



More than 300 health care professionals learned best practices and networked during the day-long conference.



# Technological Advancements

---

From the time Governor Nixon took office in 2009, he challenged his administration to utilize technology to maximize efficiencies within state government as prescribed by Section 610.029, RSMo. Under Director Huff's leadership, the department has undertaken many initiatives that leverage the use of online resources to make the department more efficient in its day-to-day operations and that foster transparency.





# Technology Progression

in the **7** years

In April 2009, the department announced it was joining other states in implementing State-Based Systems (SBS), an Internet-based data management system.

By implementing SBS, producers gained the ability to apply and renew their insurance licenses online. They can also pay their fees with a credit or debit card, track continuing education credits and change their company name or address online. Continuing education providers can also report course rosters directly through the SBS website. At the time, the change to SBS was estimated to save the department up to \$1 million. Furthermore, the department started providing the ability for insurance producers to print licenses and educational transcripts online through SBS beginning June 2014. The online tool allowed the department to discontinue the practice of mailing licenses to producers, business entity producers and other licensees.

SBS also allowed consumers the option to file complaints electronically with the Division of Consumer Affairs. The implementation of a web-based electronic consumer complaint filing option in November 2009, resulted in better organization and efficiency in addressing the needs of Missourians. In addition to creating a smooth and faster process for the consumer, this new technology allowed for the electronic submission of consumer complaints to the company, decreasing the amount of communication and processing delays in setting up the complaints. This resulted in an overall reduction in complaint processing time. The Market Conduct Section also started to implement SBS for all market conduct actions in 2015, which will eventually result in a paperless market conduct environment.

In March 2011, the department launched a new online system to verify consumer insurance



complaints. In the past, the department sent insurance companies hard-copy lists of every consumer complaint filed against the company. Insurers have the opportunity to review the complaint data for accuracy. The process was done at the beginning of each year and took about three months for the department and the insurers to complete. The electronic online process enables insurers to review the data quarterly, which means smaller batches of records to review each time. By making the complaint data available to insurance companies online, the department saves countless amounts of paper each year and can make better use of staffing resources.

The Division of Finance began utilizing the Nationwide Mortgage Licensing System (NMLS) to facilitate licensure of mortgage loan originators in April 2010 and added further enhancements to accommodate mortgage companies in June 2014. Using the system has strengthened the background check data available to the division to ensure applicants are properly qualified. It also shortened license application processing times, reduced the amount of paper the division uses and receives, and has made it more efficient for industry to submit license applications.

In November 2011, the department created a Life Policy Locator service that helps consumers find lost life insurance policies or annuity contracts purchased in Missouri. The department collects information from consumers and then sends it electronically each month to licensed life

insurance companies in Missouri. Insurance companies will then contact the beneficiary if a policy is located. About 90 percent of the life insurance companies operating in the state voluntarily participate in the service. The service is free and is available at [insurance.mo.gov](http://insurance.mo.gov).

In April 2014, the department created online reporting to allow title insurers to electronically submit regulatory reporting. Additionally, the department began accepting electronic funds transfer (EFT) from insurance companies for fees associated with filing submitted via the System for Electronic Rate and Form Filings (SERFF).

Prior to the move to online reporting, the department manually entered data submitted by insurers on their T-6A and T-6B forms. By moving to an electronic reporting format, the department eliminated the extra step and processes the forms quicker, creating efficiencies for both industry and state government. Online reporting also improved data integrity.

In July 2014, the department implemented

an online tool that allows consumers to view insurance company filing records. At the time, Missouri became the fifth state to use SERFF Filing Access (SFA) to make such records accessible to the public. As a result, consumers now can access insurance company filings for rates, rules and forms through the SFA website at any time. There is no charge. SERFF Filing Access provides access to open public records, for which the Division of Market Regulation has legal custody and control. Rates, rules and forms are filed with the department when required by Missouri law. [Visit the SFA website.](#)

Beginning Jan. 30, 2016, the department started requiring insurers to submit all insurance product filings required by state law via SERFF and use EFT for payments. Previously, the use of SERFF was optional. By moving to an electronic reporting format, the department was able to eliminate the extra step and process the forms quicker, creating efficiencies for both industry and state government. Additionally, it improved the speed to market results for product filing reviews.







# Engagement

The department strives to engage its stakeholders by providing clear, timely and consistent communication on the mission and activities within DIFP. The department's communications are coordinated in an integrated manner across multiple media platforms in which informative messaging and strategies are disseminated throughout the department, the public, industry and other stakeholders.



# Department spreads anti-distracted driving message

The Mo Eyes on the Road campaign took its message on the road during the summer of 2015 to raise awareness about the dangers of distracted driving and the possible financial consequences. Department team members visited high schools to educate students about the dangers and about the basics of auto insurance.

Consumer Complaint Specialist II Nathan Kempf and former Communications Director Chris Cline presented to a group of students in a finance class at Rockbridge High School in Columbia. The students asked questions about the minimum amounts of insurance Missouri law requires and what auto insurance policies would actually cover.

Additionally, 14 and 15-year-olds at Boonville High School stayed engaged as they watched Mo Eyes on the Road PSA's. The short videos are meant to connect with the millennial audience by sending an empowering message that tells teens they have the ability to prevent accidents



by saying no to distractions.

Public Information Administrator Yaryna Klimchak explained that distracted driving is anything that takes a person's attention off of the road. This is not limited to texting alone, but encompasses eating, fidgeting with music or engaging with others in the vehicle. After one student asked Klimchak how to approach his parents about the topic, since they themselves engaged in distracted driving, the department became inspired to create a PSA directed at parents. The PSA encourages parents to set a good example since their children look up to

them. The Oklahoma Insurance Department repurposed the PSA and distributed it to Oklahomans as well.

Due to national recognition from other insurance regulators the department was invited to participate on a teen driving discussion panel. Klimchak traveled to Charleston, SC to promote the campaign during the Insurance Regulatory Examiners Society Career Development Seminar & Regulatory Skills Workshop. She sat on a panel with Kathy Shortt and Carla Obiol of the North Carolina Department of Insurance and Ann Roberson of the South Carolina Department of Insurance. The other departments have also started distracted driving campaigns in their respective states to curb automobile accidents. Industry and regulators in the audience asked questions about the campaigns and outreach efforts after panelists presented.



## Communications team presents at NAIC National PIO Forum



Communications professionals from state insurance departments from across the country came together in Kansas City to discuss best communications practices in September, at the annual public information officer meeting held in Kansas City. The National Association of Insurance Commissioners (NAIC) invited Missouri DIFP's

communication team to present about their social media strategy.

Katelynn Heimericks, Yaryna Klimchak and Chris Cline discussed the importance of images, video, scheduling and planning during their social media presentation. Heimericks discussed the importance of graphics and images when posting to social media while Klimchak stressed the necessity to be consistent and the importance of knowing the audience. After the department's success of live tweeting during the NAIC Summer National Meeting in Chicago, other departments gained interest in developing digital media strategies. The communications team gave tips on how to grow an engaged audience and how to create a digital media strategy. Cline reiterated the importance of planning and having a solid team to successfully execute projects.



The department produced a PSA to encourage parents to set a good example for their children by avoiding distracted driving. Setting safe driving standards is an important life lesson parents can teach their children.



# Department launches earthquake awareness campaign as state faces coverage crisis

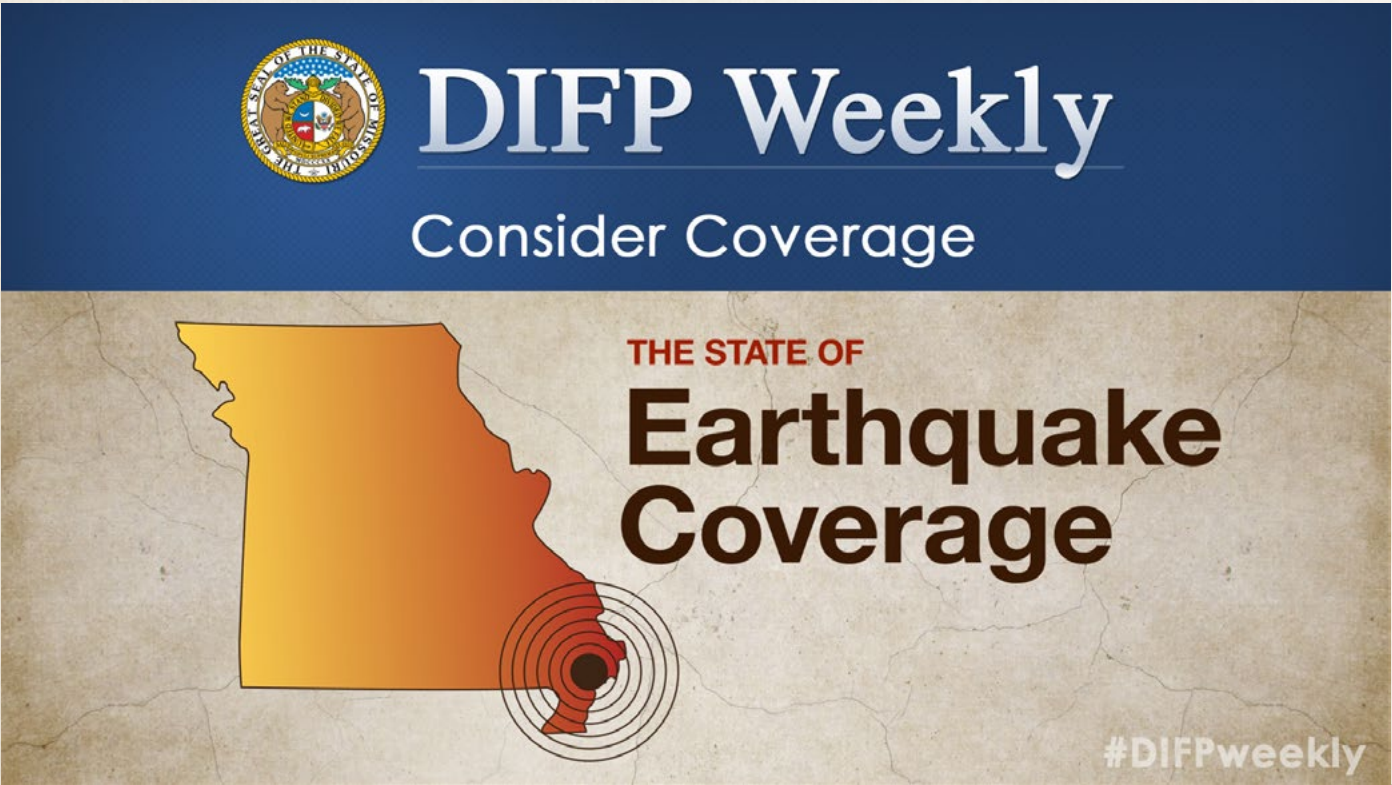
The release of the 2015 Earthquake Report prompted the department to launch an awareness campaign about the earthquake insurance coverage crisis facing the state. Missouri is at a critical tipping point as insured residential properties in 2014 totaled \$101 billion while uninsured residential property damage from a magnitude 7-7.9 earthquake is estimated at \$100 billion.

In order to bring awareness to the earthquake coverage crisis the department started a campaign to debunk common earthquake myths. A special webpage dedicated to providing consumers with engaging content and up-to-date information about earthquake insurance. The department also promoted the campaign through its social media platforms through posts, info graphics and a public service announcement (PSA) that was aired in Southeast Missouri. The PSA aimed to debunk common earthquake myths. One of the key myths the department attempted to debunk

was homeowners often do not purchase earthquake insurance because they believe the federal government will pay to repair or replace their home if it is damaged in a disaster. The PSA presented factual information that dispels this belief.

Additionally, the department spoke with multiple media sources on the topic to get the word out to Missourians and to bring attention of the coverage crisis to the insurance industry.

Despite Missouri being the third-largest market for earthquake insurance, following California and Washington, data in the 2015 report showed that in some counties with the highest risk of catastrophic earthquake damage, 80 percent of the homes are uninsured. In 18 of Missouri's 114 counties, less than 10 percent of homes have earthquake coverage.



## Top Youtube Videos



### DIFP Weekly - DIFP helps MO heart attack victim recover \$110K

We helped a Missourian recover \$110,000 from his insurance company after he suffered a heart attack. Learn how our Division of Consumer Affairs helps consumers with insurance issues and questions.



### DIFP Weekly - Autism Therapy: Helping Peyton Connect

Learn how applied behavior analysis therapy helps 4-year-old Peyton connect with the world. Since the passage of the autism law in 2011, Missouri has seen a steady increase in behavior analysts and assistant behavior analysts. These professionals are key in helping individuals with autism adapt to their environment.



### Behavior Analyst Advisory Board

The Behavior Analyst Advisory Board regulates and licenses behavior analysts and assistant behavior analysts in Missouri. See how they protect the public and why it's important.

Follow us on social media:   





## Editors

Yaryna Klimchak, Nathan Kempf,  
Katelynn Heimericks and Summer Lowe